

April 1988

FINANCIAL TIMES

Political dissent
ferments in
Pakistan, Page 4

EUROPE'S BUSINESS NEWSPAPER

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Amst. 20.25	Indones. 10.250	Philippine 20.25
Batavia 10.250	Indon. 10.250	Portugal 20.25
Bombay 10.250	Japan 10.250	S. Africa 20.25
Calcutta 10.250	Malaysia 10.250	Singapore 20.25
Canton 10.250	Thailand 10.250	Taiwan 20.25
Colon 10.250	USA 10.250	UK 20.25
Hong Kong 10.250	West Germany 10.250	France 20.25
London 10.250	Italy 10.250	Spain 20.25
Manila 10.250	Netherlands 10.250	Sweden 20.25
Medan 10.250	Denmark 10.250	Switzerland 20.25
Osaka 10.250	Belgium 10.250	Australia 20.25
Seoul 10.250	Canada 10.250	New Zealand 20.25
Singapore 10.250	India 10.250	South Africa 20.25
Tokyo 10.250	China 10.250	USA 10.250

World news Business summary

Freedom for Polish political prisoners

The Polish authorities are to free all the country's remaining political prisoners, including prominent Solidarity leaders such as Mr Zbigniew Brzezinski, who was captured by police on May 31 after four years in hiding.

Peres holds talks with Mubarak

The Palestinian issue is expected to dominate discussions between the leaders of Israel and Egypt at their summit which began late yesterday in the Egyptian coastal city of Alexandria.

Pik Botha in HK

South African Foreign Minister Pik Botha arrived in Hong Kong on a private visit aimed at strengthening trade and business links with the British colony. Pretoria reassured on Taiwan trade, Page 4

Aquino warning

Philippine President Corason Aquino warned the Reagan Administration against interfering with her Government's handling of the Communist insurgency, saying it was a "Filipino matter". Page 4

N-plant campaign

France is stepping up a campaign to try to reassure public opinion in West Germany and Luxembourg about the safety of its contested nuclear power station at Cattenom on the Moselle. Page 2

Asian games protest

South Korean police fired tear gas to disperse students hurling stones and petrol bombs and protesting that the Asian Games opening in Seoul on September 20 are an attempt by the Government to boost its image.

Storm victims

Typhoon Wayne, south-east Asia's longest-lived storm, has killed more than 100 people and injured 1,000 in northern Vietnam. On the Caribbean island of St Vincent, tropical storm Danielle has wiped out half the vital banana crop.

Freezer cold war

The European Commission is introducing a provisional 33 per cent import duty on Soviet freezers which it believes are being dumped on the European Community market. Page 6

Tamil rebels kill 2

Tamil separatists killed two policemen and blew up two transmission towers cutting off power to parts of eastern Sri Lanka.

Euthanasia 'justified'

A Dutch appeal court decided a doctor was justified in ending the life of a 95-year-old mentally ill woman at her request, a ruling expected to widen the scope for euthanasia in the Netherlands.

Drug in army car

A major in the Colombian army has been arrested and stripped of his rank after 80 kg (175 lb) of pure cocaine was found in his official car.

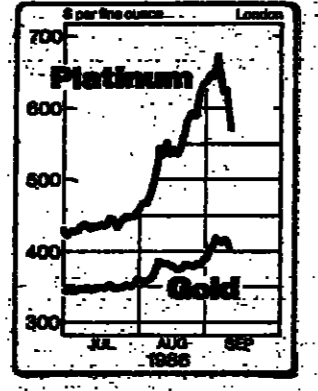
New view on Nile

Ugandan officials have removed a plaque which credited John Speke, the first European to reach Lake Victoria, with the discovery of the source of the Nile in 1862. President Yoweri Museveni said Ugandans had known the place long before.

Profits fall at Murdoch UK unit

NEWS INTERNATIONAL, UK subsidiary of Mr Rupert Murdoch's News Corporation, has reported pre-tax profits down sharply in the year to June 1986 at £11.85m (£17.2m) from £48.7m last year. The group has faced constant protests from unions excluded from the new newspaper printing plant at Wapping in London's docklands. Page 28

PLATINUM and GOLD prices fell heavily on world markets in what traders saw as overdue correction to their exceptional strength in recent weeks. In London platinum fell \$53.25 to \$870 a troy ounce and gold, which has risen less steeply, was \$15.375 lower at \$493 an ounce. In New York the December Comex gold settlement was \$413. Page 28



WALL STREET: The Dow Jones industrial average closed 36.81 down at 1,792.89. Page 44

TOKYO: Equities fell on profit-taking. The Nikkei average slipped 58.08 to 19,581.25. Page 44

LONDON: Cites and stocks were lower on selling touched off by Wall Street. The FT-SE 100, less than 4 points off at midday, fell 27 by the close to 1,938.3. The FT Ordinary share dropped 19.7 to 1,298.2. Page 44

DOLLAR closed in New York at DM 2.0925; SF 1.8978; FF 6.8350 and ¥156.53. It rose in London to DM 2.0910 (DM 2.0635); SF 1.8990 (SF 1.8740); FF 6.8325 (FF 6.7450) and ¥158.20 (¥154.75). On Bank of England figures the dollar's exchange rate index rose 0.1 to 111.8. Page 37

STERLING closed in New York at \$1.4655. It fell in London to \$1.4680 (\$1.4315). It rose to DM 3.0725 (DM 3.0375); SF 2.4950 (SF 2.4800); FF 10.0375 (FF 9.9825) and ¥229.50 (¥228.25). The pound's exchange rate index rose 0.2 to 71.6. Page 37

CANADIAN Government plans to grant new powers to the country's banks and to limit the ownership of financial institutions by non-financial conglomerates as part of a forthcoming overhaul of legislation regulating the financial services industry. Page 21

FIRST CHICAGO, major US mid-western bank holding company recovering from two years of large write-offs and low earnings, has bought four Chicago suburban area banks for \$200m. Page 21

PECHINEY, French industrialised aluminium special metals group, has decided to postpone until the end of November a decision to close down two of its French aluminium plants. Page 23

BOWATER INDUSTRIES of the US sold its paper-making and merchandising interests to a management buy-out team for \$280m (\$55.5m). The new company is Britain's biggest paper-maker. Page 7

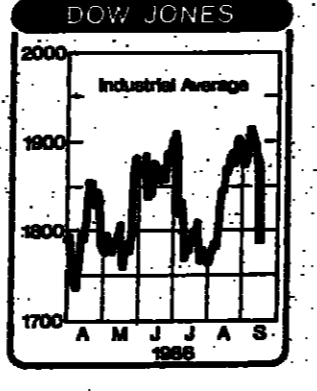
EUROPEAN FERRIES' managing director, Kap Siddle, has resigned, less than two months after relinquishing the chairmanship of the company. Page 21

BURMAH OIL, said first-half pre-tax profits rose £1.8m to £37.6m but profits after tax were down from £22m to £20.7m. Shares fell 10p to 386p. Page 28

Wall St slides as concern grows over rates policy

BY RODERICK ORAM IN NEW YORK AND GEORGE GRAHAM IN LONDON

HECTIC TRADING yesterday indicated the largest one-day fall on the New York stock market in 24 years. Investors interpreted signs of stronger US economic growth as a cause of higher inflation which would force the Federal Reserve Board to end its policy of easing interest rates.



has weakened the bond market in recent weeks. The West German Bundesbank yesterday decided at its fortnightly council meeting to make no change in its interest rate policies, but this only reinforced the perception that no cut would be made in US interest rates.

"Very, very emotional trading," as one analyst described it, set a volume record of 238.8m shares, breaking the previous record of 228.8m on August 3, 1984, the day which kicked-started the market's unprecedented two-year rally.

Sweeping aside several faint attempts to find price stability, the stock market fell relentlessly to close at 1,792.89, a loss of 36.81 points. This was the largest one-day percentage decline of 4.8 per cent was only the worst since May 28, 1982.

Underlying the rout were rumours which flashed around the market that US retail sales figures for August, due for release today, would show a sudden acceleration in domestic demand. Traders talked of sales growth of up to 4 per cent month-on-month compared with economists' forecasts of around 1.3 per cent and a rise of 0.1 per cent in July.

Car sales, stimulated by cut-throat financing campaigns, will have pushed up consumer demand in the last days of August. Department stores have already reported buoyant back-to-school sales.

The sudden turn in the market reflects a change in sentiments about prospects for the US and world economy after the summer-long period of economic weakness during which the market's main worry was the threat of recession.

Signs of stronger US growth, raising the spectre of rekindled inflation and higher interest rates,

Few investors had still clung to the belief that the Bundesbank might cut its rates yesterday, and confirmation that there would be no reduction in West German interest rates failed to weaken the dollar, which gained over 3 pfennigs against the D-Mark.

Other European markets also followed New York, with equities and government bonds tumbling in the afternoon after showing only modest losses at lunchtime.

The FT-SE 100 share index, less than 2 points down at midday, closed with a fall of 27 points at 1,938.3. The FT Ordinary share index also ended with a loss of 19.7 points at 1,298.2.

In Frankfurt, share prices closed lower, although the Commerzbank index, calculated at noon, showed a rise of 19.3 points to 2,088.9.

Bundesbank resists pressure, Page 29

Diplomatic efforts raise hopes for Daniloff deal

BY STEWART FLEMING IN WASHINGTON AND PATRICK COCKBURN IN MOSCOW

THE DIPLOMATIC momentum for a resolution of the impasse over the arrest in Moscow of Mr Nicholas Daniloff, a US journalist, continued to build yesterday following the disclosure on Wednesday, by President Ronald Reagan that he had received a reply to his letter about the case from Mr Mikhail Gorbachev, the Soviet leader.

Officials in both Washington and Moscow expressed cautious optimism yesterday that the dispute - which has threatened the relationship between the two superpowers - might soon be resolved.

Mr Larry Speakes, the White House spokesman, said "we are working hard to secure Nick Daniloff's release - we are vigorously pursuing diplomatic channels."

Meanwhile, Mr Vladimir Petrovsky, the Soviet Deputy Foreign Minister, told a news conference in Moscow yesterday: "I believe a settlement of this case is possible."

While Mr Petrovsky continued to assert that Mr Daniloff was guilty of espionage, he said, "such incidents should not become an obstacle to the development of Soviet-US relations." He said that the next move was up to the US. "It all depends on them."

Although both sides appeared to be edging towards some form of diplomatic agreement, Mr Speakes denied yesterday that the US Administration had changed its policy of not negotiating a trade-off swap of Mr Daniloff for Mr Gennady Zakharenko, the Soviet United Nations employee arrested in New York on spying charges.

After some uncertainty immediately after Mr Daniloff was arrested in Moscow on August 30, the US proposed releasing Mr Zakharenko in the custody of Mr Yuri Dubinin, the Soviet Ambassador in Washington, provided Mr Daniloff was allowed to return to the US.

It now seems that Moscow and Washington are exploring an arrangement which would lead to the release of both men into the custody of their ambassadors.

The signals from both Moscow and Washington are raising expectations that next week's meeting between Mr Shultz and his Soviet counterpart Mr Eduard Shevardnadze will not be endangered by the stand-off over Mr Daniloff's arrest.

Background, Page 3

Victory for Guinness board

BY CHARLES BATCHELOR IN LONDON

ONE OF the most dramatic and public struggles for power at the head of a British company reached a surprise anti-climax yesterday when Guinness, the international drinks company, won overwhelming shareholder support for a management restructuring.

Mr Ernest Saunders, the chairman and chief executive of the company, which includes Bells, Dewar's, Johnnie Walker and Gordons among its international drinks brands, won overwhelming backing from shareholders at a packed special meeting in London.

Despite expectations that the vote would be close, the key resolution - to revise the Guinness board structure - was backed by 310m proxy votes with just 27m cast against. In addition Mr Saunders had a further 12m proxies to vote at his discretion.

The 600 or so shareholders crammed into the meeting in London also backed the resolution on a show of hands, and Mr Saunders refused to allow a poll on the strength of the proxies and the general feeling of the meeting.

Yesterday's victory ends eight gruelling months for the Guinness board which began when it launched an agreed £2.2m (£3.25m) takeover bid for Distillers in January to enable the Scottish drinks group to ward off a hostile approach from Argyll Group, the UK supermarkets chain.

Even after Guinness won control with an increased £2.5m offer in April, its decision to revise plans to appoint Sir Thomas Risk, a governor of the Bank of Scotland, as chairman, in favour of giving Mr Saunders overall control, provoked further controversy.

The arguments centred on two main issues: the City of London's ability to impose its own self-regulation and ensure that companies adhered to promises made in take-over documents; and Scottish fears that control of yet another major company should slip away to London.

Scottish voice of dissent in the shape of Mr Graeme Knox, general manager investments, of the Scottish Amicable Life Assurance Society, who claimed the erstwhile shareholders of Distillers, and of Argyll, had been "cheated" and called Guinness's subsequent explanations "woefully inadequate and questionable." The increase in Mr Saunders' salary represented, "a cynical and unwarranted reward," he added.

Mr Saunders responded that Guinness's promise to move its registered office to Scotland was not insignificant but the crucial issue was the fact that Distillers' prosperity depended on foreign sales. "It's no good moving administration and office furniture around," he added. "We have to get out into the market and persuade more Americans, Europeans, Africans and Asians to drink our whisky."

Though most of the shareholders were clearly backing Mr Saunders he faced some penetrating questions. How, he was asked, had such astute and experienced businessmen as the Guinness board formed such incorrect impressions

Continued on Page 20

UK pledges £600m to reduce acid rain emission

By Lucy Kellaway in London

MR Nicholas Ridley, the UK Environment Minister, yesterday announced a £600m (£894m) package aimed at reducing the harmful emissions from Britain's coal-fired power stations.

The announcement was made as Mrs Margaret Thatcher arrived in Norway for a tough series of talks with Mrs Gro Harlem Brundtland, Prime Minister. Norway has repeatedly blamed Britain for much of the "acid rain" which is damaging its forests and has been vigorously campaigning for a reduction in the amount of sulphur dioxide produced by power stations, which is a cause of acid rain.

The British Government's proposed measures which will affect three of Britain's 12 coal-fired power stations, and will reduce emissions of sulphur dioxide by 14 per cent by 1997, were received with little enthusiasm in Norway, where groups of demonstrators turned out to meet Mrs Thatcher yesterday.

The proposal falls well short of the 80 to 90 per cent cut in emissions that the Nordic Council Conference said last week was necessary to protect the worst affected parts of Scandinavia.

The project is likely to create some 2,500 to 3,000 jobs a year in Britain over the next 10 years, and will be paid for by the state-owned Central Electricity Generating Board. The cost will eventually be passed to consumers, however, and British electricity prices could rise by about 1.5 per cent as a result.

The UK, which along with Italy is the largest producer of sulphur dioxide in Western Europe, has until now been strongly opposed to costly plans to reduce its emissions on the grounds that there was insufficient evidence linking them to damage to plants and fish. In March it overruled an EEC proposal to cut emissions by 60 per cent, and was alone among EEC members in refusing to sign a general commitment to a 30 per cent cut by 1992 compared with the 1980 level.

The Department of the Environment said yesterday that Britain has so far reduced its emissions by 22 per cent since 1980, and the new measures would take the total close to 30 per cent by 1992.

Lord Marshall, chairman of the Central Electricity Generating Board, claimed yesterday that Britain contributes about 2.5 per cent of the annual acid rainfall in Norway and said "as far as the CEGB is concerned we accept that we must play a part - a proportional part - in tackling the problem."

Editorial comment, Page 18

Britain sets new date for BA sell-off

BY LYNTON MCLEAIN AND PHILIP STEPHENS IN LONDON

THE UK Government is planning to go ahead with the privatisation of British Airways, which is expected to raise up to £1bn (£1.47bn), in the early weeks of 1987, Mr John Moore, the Transport Secretary said yesterday.

British Airways is the largest international airline in the world and carries more people over longer distances than any other carrier, as measured by passenger route-kilometres, a measure of an airline's operations. United of the US carries more passengers than British Airways, but over shorter distances.

The sale of BA will create the largest privately owned international airline in the world.

The decision follows the resolution of most of the outstanding issues which had been delaying the public offering of shares in the state airline originally scheduled for earlier this year.

The major outstanding issue was the need for agreement on the continuation of the Bermuda II pact covering Anglo-US capacity on the North Atlantic, falling which the Government had feared that US airlines might dump capacity on these routes and swamp the UK airlines, including BA.

In the past 24 hours, the final round of talks in Washington on the Bermuda agreement finished with the signing of a "new mechanism" preserving the 60/40 US/UK shares

of capacity on the routes. The remaining issue relating to the Bermuda II agreement concerns UK fears that US anti-trust legislation might be applied to the operations of UK airlines despite the existence of what the UK sees as a sacrosanct treaty putting these operations beyond the scope of domestic US laws.

However, Mr Moore said yesterday: "The major uncertainties caused by negotiations on the air service arrangements between the UK and the US are now resolved. We have negotiated with the US Government satisfactorily and more liberal arrangements for determining the frequencies to be operated by both countries. I am also satisfied that anti-trust issues need no longer delay the flotation."

Other problems which had delayed the sales were litigation in the US courts over the collapse of Laker Airways in 1982, and decisions by BA on the purchase of 16 of the latest Boeing 747-400 jumbo jets.

The Department of Transport said yesterday that all cases in the Laker Airways litigation in the US had been settled out of court, or dismissed by lower courts.

Final details of the £1.5bn order for jumbo jets, to be powered by Rolls-Royce engines, which had been under construction for several

Continued on Page 20

FT to launch new world stock index

BY CLIVE WOLMAN IN LONDON

THE LAUNCH in January of a new Financial Times index, which is designed to measure the performance of all the leading stock markets in the world, was announced yesterday.

The index, together with several sub-indices covering different countries, geographic regions and global industrial sectors, will be compiled jointly by the Financial Times, Goldman Sachs & Co, the US-based investment banking and brokerage firm, and Wood Mackenzie, the Edinburgh stockbrokers. The Faculty of Actuaries and Institute of Actuaries will also be involved in the construction and calculation of the indices.

The FT-Actuaries World Share Index, as the main index will be called, is to cover the shares of about 2,000 companies from 24

countries. It will be calculated daily after the close of the US stock markets.

International investment managers are expected to be the main users of the new indices which are intended to provide a benchmark against which their investment performance can be judged.

This is the main function within the UK market of the FT-Actuaries All-Share index, which was established in 1983. But the World Share Index will also serve as an indicator of the health of the world's capital markets.

The indices which have traditionally been used as indicators of the fluctuations of world stock markets are those established by the Geneva firm, Capital International Perspective.

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EUROPEAN NEWS

Dutch budget to be toughest for three years

BY LAURA RAUN IN AMSTERDAM

THE 1987 Dutch budget due to be officially unveiled next Tuesday, promises to be the severest in three years because of drastically reduced government revenues from natural gas.

Taxes will be raised for the first time since 1984 and government spending will be slashed again.

Mr Onno Ruding, the Dutch Finance Minister, is expected to announce an austerity package consisting of 112bn (€2.7bn) in combined spending cuts and tax increases.

The tough new measures will contain the budget deficit to about 8 per cent of net national income, only fractionally above this year's level.

The broad outlines of Prime Minister Ruud Lubbers' policies over the past four years will continue: rolling back the public sector, cutting the budget deficit, and battling persistently high unemployment.

The Prime Minister had promised some easing in his re-employment programme during his second term, which began in July, but the plunge in gas revenue has made that impossible next year.

Industry will be called on to shoulder more of the burden of balancing the budget after being spared in past years in the hope of fuelling economic growth.

Spending cuts are expected to amount to 11.5bn, with the biggest slice—7.2bn—taken out of departmental budgets where cost overruns have occurred in recent years. Another 1.3bn will be trimmed from social security benefits.

Some 1.3bn will be saved in civil servants' salaries by reducing the number of public employees. Savings in the health care system will amount to 1.9bn.

On the revenue side, an extra 1.6bn will come from higher taxes and from selling of some state holdings.

Companies will lose most of their tax deductions for inventory stocks and assets, yielding an additional 1.8bn in revenue. The value added tax will be raised by 1 percentage point, to 20 per cent, providing a fresh 1.2bn for the state treasury.

Disposal of a few wholly or partially-owned companies will provide 1.2bn.

Increased excise taxes on fuels such as petrol, diesel and heating oil will raise 1.6bn.

Total revenues next year probably will amount to about 115.4bn, while total outlays will amount to about 117.5bn.

The biggest problem is offsetting the plunge in gas revenue, which will drop by more than half to 11.9bn.

Madrid gives into wage demands for next budget

BY DAVID WHITE IN MADRID

THE SPANISH Government has agreed to build an increased inflation target of 5 per cent into its budget for next year in order to meet demands by the General Workers' Union (UGT), the labour federation linked to the Socialist Party.

The revised figure, which affects the budget proposals scheduled to be presented to the Cabinet today, means that Spain has resigned itself for the time being to inflation well above the current levels among its main EEC partners.

The Government, which now expects this year's rate to edge up slightly from last year's 8 per cent, originally set a 1987 target for price and wage increases of 4 per cent.

However, it hopes that by securing the participation of the UGT—if not its Communist rival, the Workers' Commission—in a new wage moderation pact, inflation can be brought down to 3 per cent in 1988.

During preliminary talks between the Government, employers and unions, the UGT rejected the original target as a realistic basis for wage guidelines.

Including extra payment to increase purchasing power for the lower paid, civil service salaries are now scheduled to rise by an average 5.6 per cent.

Poland to free all political prisoners

By Christopher Bobinski in Warsaw

THE POLISH authorities are to free all the country's remaining political prisoners, including prominent Solidarity leaders such as Mr Zbigniew Bajak who was captured by the police on May 31 after four years in hiding.

The amnesty assesses the way to improving relations with the West, which are crucial if the debt ridden economy is to see any chance of recovery. A visit Gen Wojciech Jaruzelski, the Polish leader, has long wanted to make to Italy and to see Pope John Paul II is now expected to go ahead.

Last weekend, the Polish bishops called for the release of all political detainees and urged the general liberalisation which would give the Solidarity free-trade union style opposition a legal role.

The move will surprise many who believed that the authorities would go as far as releasing detained Solidarity leaders but restrict the amnesty to lesser-known figures.

Mr Lech Walesa had even warned that a major trial was being prepared.

But the Government has evidently decided that the Solidarity leadership given the present political climate is less of a political problem at liberty—even as potential agitators—than as martyrs behind bars.

Also yesterday, security police called in more than 3,000 people suspected of being underground activists and warned them to stop their activities in a move apparently designed to demonstrate that the authorities are well aware of such behaviour.

News of the releases came early yesterday when, unusual radio programmes were interrupted to broadcast the information.

The Polish press agency has reported that Gen Czeslaw Kiszczak, the Interior Minister, has asked the prosecutor general to speed up the release of all detainees by September 15, under the terms of a semi-amnesty passed by Parliament in mid-July. Until now more than 100 detainees have been freed, and now another 225 will be released by Monday.

Charges excluded under the amnesty include acts of terror, sabotage and spying.

France in drive to stress N-plant safety

BY DAVID MARSH IN PARIS

FRANCE is stepping up a campaign to try to reassure public opinion in West Germany and Luxembourg about the safety of its contested nuclear power station at Cattenom on the Moselle.

The effort partly reflects the French Government's wishes not to increase the difficulties over nuclear power of Mr Helmut Kohl, the West German Chancellor, just before general elections in the Federal Republic in January.

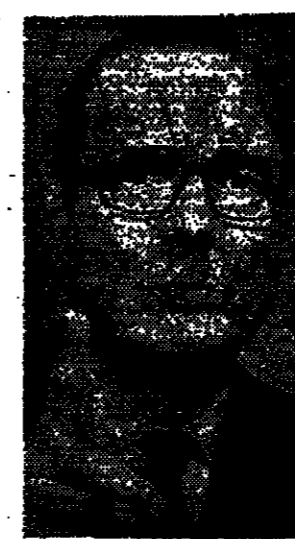
Local mayors and other political representatives from the German state of Saarland and from Luxembourg—which have been taking legal action to fight the start-up of Cattenom—will be invited to the power station site in the next few weeks.

The row over the Cattenom plant was one of the main topics in talks on Tuesday between Mr Kohl and Mr Jacques Chirac, the French Prime Minister.

The gesture from EdF, which accompanies growing worries in



Mr Helmut Kohl



Mr Jacques Chirac

the French nuclear establishment about the build-up of nuclear power opposition in Europe, looks, however, likely to make little difference to hostile public opinion on France's eastern border.

A spokesman for the Environment Ministry of the Saar Government in Saarbrücken yesterday said it was likely to decide next week to continue

legal action against the entry into service this autumn of the first 1,300 MW section of the Cattenom complex.

The administrative court in Strasbourg on Monday rejected law suits brought by the Saar Government and by a collection of local municipalities in West Germany and Luxembourg to try to block the connection of Cat-

tem to the national grid on November 11.

The court, however, admitted that the administrative procedures governing authorisation for the Cattenom complex had contained irregularities.

Mrs Corinne Lepage Jussiau, the French lawyer defending the West German suit at the Strasbourg court, said the judgment was "exceptional".

EdF would be in an unlawful position if it started up the plant without first going through the lengthy process of correcting faults in the procedures, said Mrs Lepage Jussiau, who has long experience of defending opponents to French nuclear plants.

The Saar Environment Ministry spokesman said visits to the Cattenom plant by local representatives would be unlikely to change strong regional feeling against the complex. This opposition came from all political parties, he said.

Plans by EdF to start a full-scale public relations campaign over Cattenom seem somewhat belated. One EdF official commented that the utility had traditionally followed a promotional policy over N-plants geared only to France.

Up to the Chernobyl accident in the Soviet Union, he commented, "we never thought that

problems could come from the other side of the border."

France, with the largest nuclear power programme in Europe, has over the past decade benefited from a strong public consensus in favour of atomic energy.

However, French nuclear industrialists as well as top officials in the administration have, in private in the past few weeks, been voicing concern over opposition on France's borders.

This is combined with worries over the likely large over-capacity in the French nuclear network in the 1990s caused by the country's big construction programme.

One of France's most senior nuclear industrialists claimed privately yesterday that the new plants now coming on stream—a result of building decisions taken up for a decade ago—will be serving no purpose because of slackening demand for electricity.

Indicating that even traditionally pro-nuclear French public opinion has been affected by the Chernobyl accident, the latest poll commissioned by EdF to gauge sentiment indicates that 48 per cent of the French population is against nuclear power, the highest proportion since 1977.

Hungary casts new light on 1956 uprising

BY LESLIE COLLITT IN BERLIN

THE Communist Party of Hungary is treating the 1956 uprising with greater candour than ever before as the 30th anniversary of the revolt against Stalinist rule approaches on October 23.

The uprising is officially still called a counter-revolution but the party has cast a new light on what led up to it. The frankness may be a result of criticism by Hungarian dissidents that the party is still keeping many secrets.

A current series of programmes on Budapest radio called Moments of Destiny is fascinating Hungarians with accounts of the uprising. The accounts are being given by former top party officials.

Mr Antal Apró, who is still a member of the Central Committee, was introduced as a "durable politician" who had served nearly every Hungarian leader since 1953.

They included the Stalinist Mr Matyas Rakosi, the popular

Mr Imre Nagy, who was Prime Minister during the uprising and was later executed, and Mr János Kádár, his successor who still heads the party.

Mr Apró noted that he supported Mr Nagy's first government from 1953 to 1955 and that its downfall was caused by "Rakosi's scheming".

But when the uprising took place, Mr Apró disapproved of the bloodshed and the "shift to the right". He joined Mr Kádár who was to restore order after Soviet tanks entered Budapest on November 4.

The next politician interviewed, Mr Bela Biskuc, a former Politburo member, said "no one agreed" with the removal of Imre Nagy in 1955.

He and other party officials who opposed the uprising planned a "counter offensive" and were unaware of the "contacts" which Mr Kádár had with the Soviet ambassador and later Soviet leader, Mr Yuri Andropov.

Budapest to set up five 'commercial' banks

BY PATRICK BLUM IN VIENNA

HUNGARY is to accelerate the pace of its banking reforms with the establishment of five "commercial" banks to finance profitable company development.

The new banks will start operating on January 1. They will be able to compete for custom and issue shares to raise capital from companies and co-operatives. They will act as "profit oriented entrepreneurs," the agency says.

The Hungarian banking system will be "comprehensively streamlined" and modernised from the beginning of next year as part of the country's economic reform process.

As from January 1 the National Bank will concentrate on traditional issuing bank activity and strengthen its supervisory role over monetary policy. It will retain its foreign exchange monopoly and continue to act as the sole institution dealing with foreign debts, the agency says.

Three of the five new commercial banks will be entirely new institutions and the status of two existing banks will be changed to allow them to operate as competing commercial banks.

The five banks are to be set up as joint stock corporations with their shareholdings eventually being split up between the State, which will retain a majority shareholding, and corporate shareholders from companies and co-operatives. The objective of the reforms is to improve the efficiency of the banking system.

Bankers in Vienna yesterday were unsure about the real impact of the changes.

As from January 1 the National Bank will concentrate on traditional issuing bank activity and strengthen its supervisory role over monetary policy. It will retain its foreign exchange monopoly and continue to act as the sole institution dealing with foreign debts, the agency says.

OBITUARY Mr Panayiotis Kanellopoulos

MR Panayiotis Kanellopoulos, the veteran Greek politician and academic, who was Prime Minister of the Government toppled by the 1967 Colonels' coup, died in Athens yesterday aged 84.

Mr Kanellopoulos abandoned an academic career for politics in 1935.

He served twice as Prime Minister of Greece, on both occasions for brief periods only. The first time was for 21 days in 1945, the second for 15 days in April 1967, when his government was overthrown by the military coup.

Four years earlier, in 1963, he had succeeded Mr Constantinos Karamanlis, who had led Greece for Paris after losing general elections to centrist political forces, in the leadership of the conservative ERE party.

Mr Kanellopoulos was an active opponent of the military junta in 1967-74 and twice was placed under house arrest.

Moscow bank chief outlines trade strategy

THE SOVIET UNION is looking to put its trade relations with the West on a new footing and seeks co-operation in a wide range of business, according to the chairman of the Soviet state bank, Ruzer reports from Moscow.

The official news agency Tass yesterday quoted comments by Viktor Demantsev made in talks with West German business leaders which opened on Wednesday in the southern Soviet city of Baku.

Tass said that Mr Demantsev had reviewed guidelines for the expansion of Soviet business ties in the context of a restructuring of Moscow's foreign economic relations.

"What I'm speaking about is the development of new forms of economic co-operation, including scientific and technical co-operation and co-production arrangements," Tass quoted the bank chairman as saying.

The Soviet Union agreed last June to study the prospect for joint ventures between Western and Soviet enterprises.

This departure from long-standing policy followed a steep fall in Soviet foreign trade last year, caused mainly by the collapse in oil prices, which made direct purchase of Western equipment more expensive for Moscow.

The Soviet Union is interested in the further development of co-operation with Western partners on a long-term, stable and balanced basis, all of which fully apply to economic relations with West Germany," Tass quoted Mr Demantsev as saying.

Trade with West Germany, the Soviet Union's leading Western trading partner, had grown 70-fold over the past 30 years and West Germany now provided 25 per cent of Soviet imports of Western machinery and equipment.

Mr F. Wilhelm Christians, joint management board spokesman of West Germany's Deutsche Bank, is co-chairing the session in Baku of an expert group on banking and finance of the Soviet-West German commission for economic, scientific and technological co-operation, Tass said.

It quoted Mr Christians as saying that West German banks and companies hoped to participate in large-scale joint projects with the Soviet Union. Economic re-structuring would allow more efficient use of Soviet natural resources, he added.

Deutsche Bank officials in Moscow were not immediately available for comment.

Mr Christians met Mr Mikhail Gorbachev, the Soviet leader, in April last year for talks on bilateral economic relations. Their meeting followed West German-Soviet negotiations in January 1985 on extending credits in Moscow.

Olivetti to market AT&T system

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, the Italian office automation group, announced last night that it is shortly to begin production and exclusive distribution in Italy of American Telephone and Telegraph's System 75 telephone switching equipment. This marks the first joint move by AT & T and Olivetti to offer an AT & T Private Automated Branch Exchange (PABX) system on the European market.

The marketing of AT & T telephone switching systems in Europe has been expected since the US telecommunications group bought 25 per cent of Olivetti in 1983 and signed a joint venture agreement with the Ivrea-based company.

System 75 uses digital switching techniques and software to combine the voice and data transmission in an integrated system and has been

modified for the Italian market. But Olivetti said yesterday that it expected to introduce System 75 on other European markets.

Olivetti already sells two PABX systems designed for large company users—the ICS 4000, which it designed, and the ICS 6000, which it manufactures and sells under licence from Northern Telecom. The system 75 is aimed at medium-sized users.

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- UK companies' better performance reflects the benefits from research and investment in advanced technology as well as improved order levels.
- Performance of American companies is under review and appropriate action is being taken to correct the situation.
- Second half expected to continue strongly.

SUMMARY OF RESULTS	Six months to 30th June 1986 £m	Six months to 30th June 1985 £m	Year ended 31st December 1985 £m
TURNOVER	178.3	190.8	365.8
PROFIT BEFORE TAX	17.7	13.5	33.5
PROFIT AFTER TAX	10.7	7.3	20.9
EARNINGS PER SHARE	6.7p	4.5p	12.88p
INTERIM DIVIDEND	3.1p	2.9p	7.2p

EUROPEAN NEWS

Strasbourg call for anti-terror link-up

THE EUROPEAN parliament yesterday called on the governments of the 12 Common Market nations to set up a central anti-terrorist office and to strengthen extradition treaties. AP reports from Strasbourg.

The parliament appealed to Arab countries to "distance themselves unequivocally" from the terrorist attacks of recent days and to "derivate terrorist organisations" of logistical support.

The hijacking last Friday of a Pan Am jetliner in Karachi, the attack on a congregation at an Istanbul synagogue the following day and an explosion at the Paris city hall last Tuesday claimed nearly 50 lives.

Basque expelled

France yesterday expelled a suspected Spanish Basque militant, the eighth in less than two months in jail on charges of violating a house arrest order.

They said Ignacio Alberdi Urquia, a suspected member of the militant Anti-capitalist Autonomous Commandos (CAA), was handed over to Spanish police at the Hendaye border post.

Urquia, 28, was arrested on August 12 in south-western France and sentenced to one month in jail on charges of violating a house arrest order.

Swedish prices

Lower petrol prices and mortgage interest rates were key factors behind a 0.1 per cent fall in Sweden's consumer prices index in August, according to provisional figures by the Central Bureau of Statistics yesterday. Reuter reports from Stockholm.

French surplus

The French current account surplus rose to a record of adjusted FF 5.6bn (\$660m) in July from a revised surplus of FF 0.7bn in June, the Finance Ministry said, Reuter reports from Paris.

Yugoslav price rise

Meat prices in Yugoslavia went up 10 per cent yesterday. A kilo (2.2 lbs) of beef now costs Dinars 1,178, about 22. Reuter reports from Belgrade. Average monthly pay in Yugoslavia works out at about \$150 (£100). Retail prices have risen 56 per cent this year.

FBI writers present the views from Moscow and Washington of each other's spying allegations Daniloff anxious to clear way for US-Soviet talks

BY PATRICK COCKBURN IN MOSCOW

Mr Nicholas Daniloff, the correspondent now under arrest on charges of espionage in Moscow is clearly concerned that a way should be found to release him from prison before Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr George Shultz, US Secretary of State meet in New York in a week.

The attempt to defuse the affair has its origin in a suggestion from Mr Daniloff, the correspondent of the magazine US News and World Report and one of the best analysts of superpower motives and actions among Moscow journalists and diplomats when he met his wife in Moscow's Lefortovo Prison last Tuesday.

He suggested that both he and Mr Genadi Zakharov, the Soviet physicist charged with spying in New York, be released on bail into the custody of their respective ambassadors in Washington and Moscow. On Wednesday Mr Daniloff's KGB security police interrogator said that the Soviet Government would go along with the idea.



Mr Nicholas Daniloff

The strength of US reaction to Mr Daniloff's arrest clearly surprised the Soviet Union. "They clearly didn't realise that if you personise a foreign

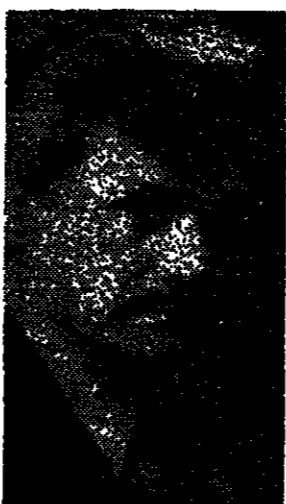
policy issue in America, it has far more impact than if it's dull old stuff about the balance of power," one diplomat in Moscow said.

The problem is that while this reaction has led the Soviet Union to look for a compromise in the Daniloff affair, a sudden over-reaction leading to a collapse in US-Soviet relations might make Moscow decide that there is no political advantage to be gained by releasing Mr Daniloff because there will be no summit anyhow.

The Kremlin might decide it was time to show Washington that it can still be tough as well as conciliatory and give Mr Daniloff a long sentence.

The crisis has developed to its present proportions because of Soviet calculations and miscalculations. Going by what spokesmen have said—and not said—the development of the crisis looks like this:

Mr Zakharov's arrest on August 23 was seen by the KGB as an entrapment, since the contact from whom he is accused of trying to buy jet-engine designs had apparently been



Mr Genadi Zakharov

working for the FBI from the beginning.

Second, the timing of the arrest just before the Shevardnadze-Shultz meeting was interpreted in Moscow as a test of

strength.

The KGB appears then to have decided to produce a mirror image of the Zakharov case in Moscow. There cannot have been many candidates.

It needed to be somebody with no diplomatic status, important enough for the US to want back, and who had been long enough in the Soviet Union to have plenty of Soviet friends who could be used to entrap him.

Only one other American journalist apart from Mr Daniloff out of the 30 US correspondents in Moscow appears to fit this profile.

On the day after Mr Daniloff's arrest on August 30 the Soviet news agency Tass issued a statement affirming that he was guilty of espionage.

This was not carried by the press. Only a week after the original arrest was the political line determined: Mr Daniloff was guilty but the case not significant and the furor had all been manufactured by the US Government and media to conceal its rejection of Soviet peace initiatives. The difficulty at the moment

is that both Moscow and Washington want to wriggle out of a confrontation on this issue. They do not, however, want to do so publicly.

This desire not to be seen to be compromising is one reason why Mr Daniloff is in the bizarre position of acting as negotiator as well as a detainee.

Sitting in prison, interrogated four hours a day by a KGB colonel, Mr Daniloff can also see the broader problem as well as anybody else.

At the time of the expulsion of 31 British diplomats, journalists and businessmen from Moscow last year in retaliation for the expulsion of a similar number of Soviet diplomats from London, Mr Daniloff repeatedly made the point that the new Soviet leadership under Mr Mikhail Gorbachev, more assertive than their predecessors, are confident men who tell they are equal to anybody in the West.

Any denial, real or imaginary, of that equality, Mr Daniloff said, would lead to immediate retaliation.

Soviet officials jailed for corruption

A FORMER Moscow trade chief has been sentenced to 15 years in prison on charges of bribe-taking and corruption after a trial lasting more than nine months, the trade union daily Trud reported yesterday. Reuter reports the Supreme Court of the Russian Federation had passed the sentence against Mr Nikolai Tregubov recently.

Mr Tregubov was dismissed in August 1984 after running the city's trade directorate for more than 20 years. He was arrested on theft and bribery charges shortly afterwards.

Trud said Mr Tregubov's deputy, Mr A. A. Petrikov, was jailed for 12 years and five other former trade officials and 15 trade workers received lesser labour camp terms.

The specific charges against the men were not listed but another newspaper yesterday linked Mr Petrikov with Mr Yuri Sokolov, the director of Moscow's main food emporium who was executed in 1984.

Moskovskaya Pravda said Mr Petrikov had helped Mr Sokolov to obtain his post as the head of Gastronom Number One on Gorky Street in a very short time.

Mr Sokolov, arrested in April 1983, was found guilty of bribe-taking and speculation.

In recent months, the official press has disclosed a number of cases of bribery, favouritism and speculation in scarce goods in Moscow.

A new radiological centre in the Ukraine will take over the long-term screening of people affected by the Chernobyl nuclear accident, Mr Anatoly Romanenko, Ukrainian health minister, was quoted by Trud as saying yesterday.

He told the paper that the centre would create a registry of data.

Arrest highlights problems of improving relations with Moscow

BY STEWART FLEMING, US EDITOR IN WASHINGTON

ON THE face of it, the arrest on espionage charges of Mr Nicholas Daniloff is a striking example of how difficult it is to achieve an improvement in Western relations with the Soviet Union.

Just as the US and the Soviet Union were on the brink of a meeting (on September 19/20) of Foreign Ministers, which many believe is destined to lay the foundations for another summit meeting between President Ronald Reagan and the Soviet leader, Mr Mikhail Gorbachev, the Soviet secret police blunder in and put months of diplomatic manoeuvring at risk by arresting an innocent American reporter.

The KGB's motive is to secure the release of a Soviet spy attached to the United Nations arrested in New York a week earlier and in effect to blackmail the US into swapping an innocent victim for a man who ought to be in an American jail.

This at least is the self-serving description of the events surrounding the Daniloff

case which the Reagan Administration has been presenting and which an indignant American media has been repeating. For the most part—Wednesday's Washington Post was a rare exception—the media have not looked too closely at the man at the other end of the bargain now being mooted which could resolve the crisis—the alleged Soviet spy, Mr Genadi Zakharov, who was indicted in New York on Tuesday.

It is clearly no accident that Mr Daniloff was arrested precisely because of the arrest several days earlier of Mr Zakharov.

As one experienced Soviet expert in Washington remarked privately earlier this week, the circumstances surrounding Mr Zakharov's arrest could well have raised in Soviet minds some of the same questions over

Washington's motives as have been raised in Washington over Moscow's. Moreover, Moscow's response to Mr Zakharov's arrest, far from being clumsy, has been subtle.

According to the Post, Mr Zakharov, like Mr Daniloff, was seized almost immediately after he had cast an eye over compromising documents which had been planted on an unnamed Guyanese student from whom Mr Zakharov was said to have been purchasing unclassified computer data since 1983.

The information which the FBI planted on the Guyanese

did, however, have a low-level classification.

The judicial treatment of Mr Zakharov was, according to his lawyer, unprecedented in that, in spite of a request from the Soviet Ambassador, he was not released into his custody.

These parallels have led some of Washington's Kremlinologists to pose precisely the same questions about US behaviour, as US officials and as the British Foreign Minister, Sir Geoffrey Howe, posed about Moscow's actions.

Some in Washington speculate that the decision to arrest

Mr Zakharov could have been taken not quite a senior level and may have been designed to placate Administration right-wingers, based perhaps on the judgment that the Soviet Union, which some in Washington believe to be more interested in a summit than the US, would decide not to retaliate.

Whatever the motivations on the American side, the Soviet Union had good reason to be suspicious of them. To have ignored the arrest of Mr Zakharov could easily have been interpreted as a sign of weakness.

What is most striking about the US reaction to Mr Daniloff's arrest is just how firmly Mr George Shultz's State Department, which has been working hard for a second summit and for progress on arms control, has succeeded in setting US policy.

There has been a carefully modulated escalation of rhetoric about the importance for US/Soviet relations of releasing Mr Daniloff. But at the same time, the US has sought a formula through which both sides could extricate themselves from the Daniloff affair without loss of face.

Japan gets SDI warning

Japan's ambassador in Moscow was summoned to the Soviet Foreign Ministry yesterday and told that Tokyo's participation in the US Star Wars project could harm Soviet-Japanese ties, the official news agency Tass reported, Reuter reports from Moscow.

A Japanese embassy spokesman said the Soviet Deputy Foreign Minister, Mr Mikhail Kapustin, who oversees Asian affairs, had handed Ambassador Yasuo Katori a statement, asking that it be conveyed to the Japanese Government.

The statement followed an announcement by the Japanese Cabinet on Tuesday that talks were under way with Washington on Tokyo's participation in the Strategic Defence Initiative

(SDI), or Star Wars, space anti-missile project. "The Japanese Government's allusions to the defensive nature of research under SDI cannot be recognised as convincing," Tass quoted the Soviet statement as saying.

It repeated Soviet claims that the US project was "leading to destabilisation of the strategic situation" and said Japan's consent to join in was evidence of the country's further involvement in US military-strategic plans.

The Japanese Government bears responsibility for the possible dangerous consequences of such policy. This, of course, cannot but have a negative effect on Soviet-Japanese relations," the statement said.

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OVERSEAS NEWS

Australian dollar up in spite of poor figures

By Richard Hubbard in Canberra

NEWS OF a large trade deficit, high unemployment and a downgrading of the country's credit rating caused the Australian dollar to strengthen and interest rates to fall yesterday.

The apparent contradiction was due to market fears of much worse results on the day. This was fed by the generally gloomy outlook which has characterised economic forecasts since the federal government's August budget.

Soon after local markets had absorbed the news that Moody's Investor Services had reclassified the Australian Government's credit rating from A.A. to A.A., sentiment in financial markets changed.

The downgrading of the credit rating was widely expected. Its announcement was greeted with a measure of relief.

The agency's view, which focused on the externally created problems facing the Australian economy, set well with the picture painted by the Government in its budget.

The federal treasurer, Mr Paul Keating, said the downgrading was unlikely to mean a big change to Australia's borrowing costs. He ruled out further adjustments to economic policy.

The monthly balance of payments figures revealed a current account deficit of only A\$1,285m in August. It was expected to be higher.

The trade account revealed a steady increase in exports in particular in non-traditional areas such as manufactured goods. The import bill showed that despite the arrival of several large civilian aircraft and a weaker dollar, the overall level of imports was unchanged, indicating a decline in volume.

The balance of trade was A\$416m in deficit for August compared with A\$517m in July. The net transfers account dropped from A\$950m in July to A\$498m in August.

The unemployment figures showed a drop in participation as a fall in the participation rate in the workforce. The jobless level remained at 8.3 per cent.

Neither President Zia nor Benazir Bhutto has convinced the people, reports John Elliott in Karachi No end in sight to political dissent in Pakistan

PAKISTAN is about to face a long period of political agitation, almost certainly stretching until well into next year, as opposition parties including Miss Benazir Bhutto's Pakistan People's Party try to force the regime of President Zia Ul-Haq to call parliamentary elections before the date of 1990.

Miss Bhutto has failed since she returned to the country in April from exile in London to force elections this year. Now, after her release this week from nearly a month in solitary confinement in a Karachi jail, she is likely to adopt a more cautious, pragmatic approach to campaigning, probably hoping to push the regime into a corner from which it cannot escape by the middle of next year.

The opposition movement was routed by the regime's security forces last month, when between 30 and 40 people were killed and several thousand arrested during a demonstration against the postponement of the election.

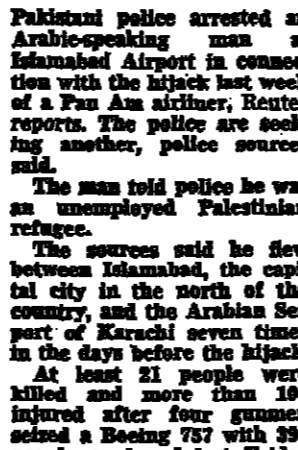
That event pre-empted the opposition's plans for a major continuing campaign, possibly to include civil disobedience starting on September 20. It is now likely that this campaign will be a much more low key affair.

Miss Bhutto says that the single most important thing she learned last month was "to keep the timing of our actions firmly in our own hands, and not to be shunted off course by the Zia regime. Last month we were caught off guard," she admits. "Now we will regroup and keep the heat on."

But the events of the last month appear to have jerked her out of the clouds of euphoria that almost inevitably surrounded her after the



President Zia



Miss Bhutto

emotional welcome she received in April. Now, her supporters are saying she must work at building up her organisation to give herself a sound political base. Merely cashing in on her youth and charisma and on the memory of her late father, Zia ul-Haq, who was ousted from power in 1977 and later executed, by the Zia regime, is not enough.

President Zia's rule has not been enhanced during the events of the past month, but the hints of instability in the country are probably stronger than the President is prepared to risk. The US Government strongly disapproved of the security forces clampdown, a factor which is significant because the US Congress will next month be asked

to approve a new \$4bn five-year economic and defence aid package for Pakistan. By releasing Miss Bhutto and giving an amnesty to other political detainees, the Government is trying to restore the relative stability earlier this year when both it and Miss Bhutto's supporters were trying to avoid violent unrest.

Mr Mohammed Khan Junejo, the inexperienced but proud Prime Minister whose reputation has not been enhanced during the past month, also wanted to release Miss Bhutto so as to show goodwill and to demonstrate he was heading a democratic government. President Zia, the country's former martial law dictator, remains head of state and chief of army staff.

During the past month Pakistan's political lines of conflict have been slightly redrawn, with Mr Junejo probably the loser. This was marked by a bizarre event in Lahore a couple of weeks ago when Mr Ghulam Mustafa Khar, a former provincial Chief Minister and Governor who is widely suspected of having mounted an unsuccessful coup last year against President Zia, flew in from exile in London.

Facing a 14-year jail sentence following charges of corruption and misuse of power when he was in President Bhutto's Administration, Mr Khar was housed in a suite in Pakistan's most comfortable prison, where he later found a family reunion party.

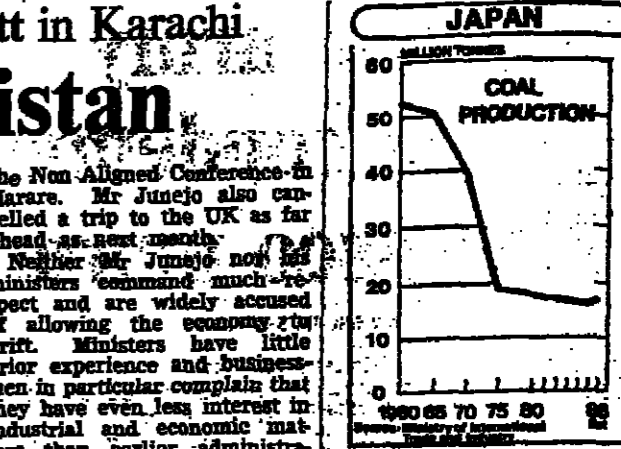
twice refused offers from President Zia to be Prime Minister during the period of martial law, launched a new national people's party. The newly arrived Mr Khar is its likely secretary general.

Dr Jatoi's party is being seen as more than just a new addition to the country's generally weak and (apart from the PPP) leaderless opposition parties. The idea is being encouraged that he has significant family links with the army and is an alternative to Mr Junejo should President Zia and top army officers run out of patience with the present Prime Minister, or feel that something short of the re-introduction of martial law should be put in the path of Miss Bhutto.

Mr Khar himself is significant because he gives the new party potential strength in the key province of Punjab, and more devotely, because he could be wheeled into the public gaze by President Zia either in court or as a free man to remind the public of the excesses of the Bhutto regime.

Mr Jatoi's new party is both a potential irritant to Miss Bhutto and, more importantly, a way of helping President Zia to reassert his authority over Mr Junejo by providing a viable alternative Prime Minister. The President already appears to have made his point in the international arena.

Mr Junejo, with whom the President has had his differences, late last month developed a widely publicised sudden ear infection which, together with the political problems at home, was cited as the reason for President Zia replacing him at very short notice as Pakistan's representative at



Japan set to cut coal output by 40%

By Lisa Mortimer in Tokyo

JAPAN'S heavily subsidised coal industry is bracing itself for a brutal shock. Within the next few weeks, the Government is expected to decide that eight of the 11 largest mines in the country must close, reducing output by 40 per cent to about 8m tonnes and throwing 14,000 miners out of work over the next seven years.

The problems of the Japanese coal industry, long a very lame duck, start at source: much of the coal comes from thin, deep seams which are expensive to mine. Over the past 20 years the industry has received Y1 trillion (\$4.3bn) in subsidies.

This year the Government will pay out Y40bn, and it will still cost 10 times as much to produce as much to purchase domestic coking coal at Y24,200 per tonne compared with the imported variety at Y2,500 per tonne. The Government is expected to cut subsidies to Y10bn, and the gap continues to widen and Japan's coal users now import 80 per cent of their needs.

Until June, Japanese steel-makers, power companies and cement makers, were willing to toe the government line and pick up the remaining 20 per cent from domestic sources. But the steel industry, the biggest buyer, and itself offering declining sales and profits, decided it had had enough.

The steel companies unilaterally refused to pay more than the world price for domestic coal, an action which the mining companies believe has cost them two-thirds of their revenues. Closure plans are being prepared.

Japan's Ministry of Trade and Industry wants the rationalisation of the coal industry to proceed slowly, over seven years, to minimise the social cost. It is trying to convince the steel industry to cut back to buying coal at the domestic price during this time, so far without success. Steel industry leaders say that if they remain within the social contract, they risk themselves being in deficit by the end of the fiscal year.

If the steelmakers remain intractable, MITI will try to convince them to cut back to buying coal at the domestic price during this time, so far without success. Steel industry leaders say that if they remain within the social contract, they risk themselves being in deficit by the end of the fiscal year.

The mine owners want additional government help with redundancy payments costing six "average 110bn" per mine closed. Average 110bn per mine closed. Average 110bn per mine closed.

India warned on trade balance

By K. K. Sharma in New Delhi

THE RESERVE Bank of India has asked the Government to take a fresh look at the balance of payments situation in the seventh five-year plan period (1985-90).

The bank thought "redoubled efforts at efficient import substitution and vigorous implementation of policies for increasing exports would be called for."

Mrs King says visit a success

By ANTHONY ROBINSON IN JOHANNESBURG

MRS CORETTA Scott-King put a brave face on 10 days of controversial exposure to the complex political realities of South Africa by declaring her visit a "success which exceeded expectations."

During her visit she turned down opportunities to meet President P. W. Botha and Chief Gubbins Buthe, leader of the Inkatha movement.

Eight thousand black miners at the Baxtrix gold mine in the Orange Free State returned to work yesterday after a four-day strike, AP-DJ reports from Johannesburg. The mine's owner, General Mining Union Corp, said the strikers returned after "the resolution of a number of complaints put forward by workers."

Botha because of pressure from anti-apartheid activists such as the Rev. Allan Boesak, the wife of Mrs. Winnie Mandela. She said she had cancelled the meeting

because she had not had enough time to meet some of the other people. She said she had more substantive talks with the President.

Describing Mr Botha as "a man of God and a necessary and important figure in terms of the future reconciliation," Mrs King said she hoped to meet him on her next visit to South Africa when she would be more in tune with a situation so fraught with complexities.

She said she would be taking back to the US the awareness that the South African scene was different to that of the US where black civil rights activists had been able to set

within a framework of democracy and representative government. Earlier in the day Mrs King went to Soweto where she visited the home of Mrs. Mandela, wife of jailed African National Congress leader Mr Nelson Mandela. Emerging from her hour-long meeting she described her visit as "one of the greatest and most meaningful moments in my life."

Pretoria is reassured on trade with Taiwan

By BOB KING IN TAIPEI AND DAVID DODD WELL IN HONG KONG

SOUTH AFRICAN Foreign Minister Pik Botha left Taiwan yesterday after apparently receiving assurances from the government there that it would not join the growing list of countries that have imposed or are threatening to impose economic sanctions against South Africa.

At a press conference Mr Botha said that he had concluded last week in which Taiwan agreed to buy more South African goods. He also vowed to encourage more South African purchases from Taiwan. He lauded Taiwan, saying it was "itself under pressure and under threat."

Taiwan opposes South Africa's policy of apartheid but has made little public noise about its opposition because it

Alloof Banda drawn into S Africa sanctions debate

By MICHAEL HOLMAN

PRESIDENT Hastings Banda of Malawi, who has remained aloof from the debate about sanctions against South Africa, was yesterday expected to be confronted by the issue when he hosted a meeting with three neighbouring heads of state.

President Banda was joined by President Kenneth Kaunda of Zambia, President Sam Nujoma of Namibia, and Mr Robert Mugabe, the prime minister of Zimbabwe, for day-long talks at Dr Banda's Saritika Palace, outside Blantyre.

One of the main concerns of southern African leaders contemplating sanctions against South Africa is the need for alternatives to the road and rail links to the Republic's ports, which carry much of the region's trade.

Insurgency our affair, says Aquino

President Corason Aquino of the Philippines yesterday warned the Administration of Mr Ronald Reagan against interfering with her Government's fight against the communist insurgency. She said it was a Filipino matter, reports Reuters.

She was reacting to statements attributed to unnamed sources that the US was expressing concern that she was too soft on the communists.

Mrs Aquino said she would say the same thing if the issue was her husband's relationship with Mr Reagan's next week.

Mrs Aquino's government has been trying to negotiate a peace settlement with various rebel groups, including the communist, as a chief objective of her six-month old government.

Legal Notices

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF COLORADO... STORAGE TECHNOLOGY CORPORATION and affiliated companies. Chapter 11 Case No. 86-6377-J (Joint Administration Case Nos. 86-6377-J and 86-6378-J) STORAGE TECHNOLOGY LEASING CORPORATION, et al., Debtors.

Sixth Annual Strategic Management Society Conference "CULTURES & COMPETITIVE STRATEGIES" SINGAPORE OCTOBER 13-16, 1986. The international conference for: Chief Executives, General Managers, Corporate Planners, Academicians active in teaching and research on strategy, Management Consultants, Government Officials concerned with strategy.

NOTICE OF REDEMPTION To the Holders of the 12% Guaranteed Notes Due 1989 of General Electric Credit International N.V. (guaranteed by General Electric Credit Corporation). The foregoing Corporation are members of General Electric Company U.S.A.

FT FINANCIAL TIMES CONFERENCE The Fourth Professional Personal Computer Conference London 30 & 31 October, 1986. For information please return the advertisement together with your business card to: Financial Times Conference Organisation, Minister House, Arthur Street, London EC2R 9AX.

NOTICE OF REDEMPTION To the Holders of 11% Guaranteed Notes Due October 1, 1987 Exxon Finance N.V. NOTICE IS HEREBY GIVEN to the holders of 11% Guaranteed Notes due October 1, 1987 (the "Notes") of Exxon Finance N.V. (the "Company") pursuant to Section 15.02 of the Prospectus dated as of September 15, 1986.

AMERICAN NEWS

Chilean army group condemns Carrasco murder

BY MARY HELEN SPOONER IN SANTIAGO

A DIVISION of the Chilean army has strongly condemned the murder of Mr Jose Carrasco, foreign editor of the left-wing magazine Anaksis, whose bullet-ridden body was found hours after he was taken by gunmen from his home on Monday.

US cuts forecast for plant and equipment spending

BY NANCY DUNNE IN WASHINGTON

THE US Commerce Department yesterday cut its estimate of business spending for new plant and equipment to \$379.6bn, a 2.5 per cent drop from last year's level, and the steepest cutback since a 7.9 per cent plunge during the depths of the last recession.

Brazil gives way over losses from price freeze

By Ivo Dawson in Brasilia

THE BRAZILIAN Government has for the first time given way to pressure from industry to accommodate imbalances brought about by its price freeze introduced last February.

After months of lobbying by the tobacco industry, the government conceded that the overnight position of the freeze built in unacceptably losses on cigarette sales. Instead of subsidising a price increase that could trigger other claims, the Government has lowered the taxes payable by cigarette companies by 4.65 per cent.

Canute James reports on a military regime facing severe problems Rebels try to destabilise Surinam

THE GROWING economic difficulties being faced by the Government of Surinam, the former Dutch colony in South America, are being compounded by the actions of a new rebel group which is threatening the six-year-old administration of Commander Des Bouterse.



The exploits of the rebel group are thought likely to complicate government moves towards a return to civilian rule early next year. The moves are part of efforts by the Administration to mollify foreign donors and ease pressure on the weak economy.

SURINAM'S ARMY has destroyed a rebel base camp in the jungle along the Marowijne River during fierce fighting which left casualties on both sides, according to the state's information service, AP reports from Paramaribo.

22 Government opponents. The economy has never recovered from this loss of about \$100m per year and attempts by the Bouterse Administration to cultivate relations with Washington, where he is considered a socialist, have not yet borne fruit.

Surinam jungle and across the border to French Guyana. Last week the group attacked a Surinamese military border post at Albina, causing panic in the capital, Paramaribo. Described by Commander Bouterse as having been the work of "a large force," the attack was one of a series which started two months ago.

Government hopes for economic benefits from the recent moves towards more democratic rule include increased foreign investment in the bauxite industry, owned and operated by subsidiaries of the Aluminium Company of America and Royal Dutch Shell.

Cuba to free 100 political prisoners

THE US Government says that about 100 long-term political prisoners in Cuba are to be freed and will arrive in the US with their families next week.

The Reagan administration announced last month it was softening its long-standing US economic embargo against Cuba. The exact time had not been decided, the State Department said.

Jamaica rejects IMF call for devaluation

BY CANUTE JAMES IN KINGSTON AND FRANK GRAY IN LONDON

MR EDWARD SEAGA, Jamaica's Prime Minister and Finance Minister, has rejected a requirement from the International Monetary Fund for a 10 per cent devaluation of the Jamaican dollar as a condition for a new package of credits.

Mr Seaga said talks with the fund were effectively concluded five weeks ago, except for the IMF's insistence on a devaluation which would take the exchange rate of the Jamaican dollar to 6.05 to the US dollar.

"We have told the IMF, 'No more of the same'," he told a press conference in London where he stopped over en route to Jamaica from the Non-Aligned Conference in Harare last week.

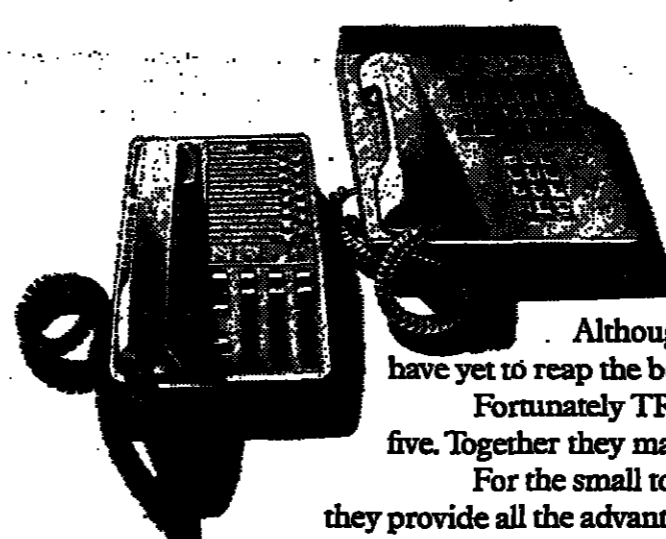


Edward Seaga, saying no

Delay sought for Virgin Islands election

A VOTERS' group in the British Virgin Islands is seeking a month's delay in general elections scheduled for September 30 and is seeking support from the British Government for its request, AP reports.

The Movement to Enable All Eligible Islanders to Vote said the current voters' list was compiled in 1983 and at least 623 eligible voters were not on it.



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Bowater sells paper plants in £38m buy-out

BY TONY JACKSON

BOWATER Industries of the UK has sold its paper-making and merchandising interests to a management buy-out team for £38m. The new company is Britain's biggest paper maker, with output of 480,000 tonnes per year.

The management team of more than 70 executives, led by Mr Tom Wilding, former head of Bowater's UK paper business, will own 20 per cent of the equity. The remaining shareholders will be the investment trusts of the UK, the company's bankers, Scandinavian Bank, will hold a stake of less than 10 per cent.

Bowater, once predominantly a paper company, has been withdrawing from the industry since the demerger of its large US paper-making business two years ago. In June this year it sold its 50 per cent share in Bowater Scott - makers of Scotch tissues - to its US partner, Andritz Paper, for \$30m.

The new company has mills at Aberdeen and at Kembley and Sittlington in Kent, and makes a wide range of products from coated printing paper and copier paper to corrugated cases for the packaging industry. In 1985 it made trading profits of £1.4m on sales of £154m.

Chloride brings in new chief executive

By John Griffiths

A 43-year-old American banker is to be the new chief executive of the convalescent Chloride batteries group. Mr Ray Horrocks, formerly chief executive of BL Cars (now Rover Group) is also to join the board, but in a non-executive capacity.

Chloride's new chief executive is Mr Kent Price, who until recently was senior vice-president in charge of Citicorp's businesses in the UK.

He will replace Sir Michael Edwards, who will continue as non-executive chairman, although the former BL chairman indicated that he will now be considering outside offers.

Mr Michael took over the chief executives' role temporarily last December, when the incumbent, Mr Ken Hodgson, resigned in the wake of disappointing interim results.

Since then, he has put Chloride through a comprehensive restructuring. It still achieved only a £500,000 pre-tax profit in the year to March, but this was after incurring more than £2.1m in redundancy and reorganisation costs. Sir Michael said yesterday the balance sheet was now sound.

Tebbit denies Tory reshuffle aims to boost right-wing

BY PETER RIDDELL, POLITICAL EDITOR

IN THE FACE of allegations that this week's ministerial reshuffle by the Prime Minister had strengthened the Tory right, Mr Norman Tebbit, the party chairman, yesterday denied that the promotions had been made on a left-wing, right-wing basis. Instead, he said, they had been made on capacity and effectiveness.

More than 30 names were involved in Wednesday's reshuffle, all involving posts outside the Cabinet. Mr Tebbit said that Mr Peter Morrison had been introduced as an additional deputy party chairman to ensure that the party machine was ready for a general election. (Mrs Margaret Thatcher, the Prime Minister, must call an election by the summer of 1988 at the latest.) Mr Morrison's appointment, Mr Tebbit said, would also give him more time to think.

Mrs Edwina Currie, the flamboyant new junior Health Minister, yesterday continued to attract the main attention. During a hectic series of television and radio interviews, she maintained that "Britain is the best place in the world in which to be ill. We get the best health care in the world."

She stressed the Government's health record in expanding services and staff.

However, most ministers were commenting more on the promotion of Mrs Angela Rumbold to be Minister of State at the Department of Education after only just over four years in the House of Commons. She is regarded as a key person in the discussions about radical changes in education.

Mr Douglas Hogg, the new junior Home Office minister, said yesterday that he would maintain his opposition to the proposed siting of a nuclear waste dump at Fulbeck, in his Grantham constituency in Lincolnshire, despite his appointment to the Government.

There have been strong protests in Grantham, as at the other three sites for a possible dump, following the approval by parliament of proposals for test drilling.

Mr Hogg said: "The Prime Minister and her ministers know that I shall continue my vigorous opposition."

There is a precedent for Mr Hogg's view since Mr John Wakeham, the Chief Whip (parliamentary party manager) made known earlier this summer his opposition to a possible site at Bradwell in his Essex constituency.

Labour's tax plans; Alliance unclear policy, Page 8
Pollster Today, Page 19

Morrison given task of putting party machine into top gear

Michael Cassell assesses a key appointment at Conservative Central Office

NO SINGLE appointment in Mrs Margaret Thatcher's extensive, second-rank reshuffle is potentially more critical to her chances of winning a third term in office than that of Mr Peter Morrison, who becomes a second deputy chairman of the Conservative Party.

Mr Morrison, who until Wednesday was the Trade and Industry Minister, has been brought into the Conservative Central Office, which runs the party machine, to sharpen up its organisation and prepare it for the run-up to the next general election.

His appointment to the post took many colleagues by surprise, given his shaky, one-year stint in a department repeatedly battered by a succession of embarrassing affairs like Westland Helicopters.

At one stage, it looked as though the new post would be filled by Mr John Cope, the Government's deputy Chief Whip (parliamentary party manager), who is highly rated for his organisational abilities. But it is now clear that Mr Norman Tebbit, the party chairman, was particularly keen to enlist Mr Morrison, with whom he has previously worked closely and successfully at the Department of Employment.

Mrs Thatcher eventually agreed that Mr Tebbit's man, well respected for his administrative skills and, undeniably, a hard worker, should have the key job.

The creation of the new position is in itself a victory for Mr Tebbit,

who has for three months been attempting to persuade the Prime Minister that more top-level help is needed at Central Office to ensure that the party organisation is in good shape for the next general election.

Mr Tebbit himself has, since his election as party chairman last September, come under fire from within the ranks of senior Tories for his combative style and his apparent failure to improve the party's standing in the country. Criticism of his record was heightened after the Tories' poor showing in a series of by-elections and local elections.

Mrs Thatcher, who was eventually forced to restate in public her support for the party chairman, has now clearly accepted that more help is one way of improving Central Office's performance and that Mr Tebbit's time could be more effectively deployed.

Sir Marcus Fox, chairman of the 1922 Committee of Conservative backbench MPs, was enthusiastic about the appointment and said mounting criticism of Central Office could not have been ignored any longer. The party machine had been suffering from a damaging inertia and Mr Morrison's arrival would help it get into top gear.

Mr Morrison, aged 42 and Eton

and Oxford-educated, is a former Conservative whip who has represented Chester since 1974. He said yesterday that he was "chuffed to bits" with his new appointment. He immediately held his first strategy session with his new boss.

His principal function will be to take on Mr Tebbit's shoulders some of the day-to-day administrative responsibilities which the chairman has had to carry. In addition to his commitments as chairman of the party, Mr Tebbit is a member of the Cabinet and numerous Cabinet committees, as well as a constituency MP.

A Central Office spokesman described the new deputy chairman's role as that of "a progress chaser" who would ensure that decisions concerning the next election campaign were carried out.

Mr Morrison's role, he added, would not clash with that of Mr Jeffrey Archer, the other deputy chairman, who would continue to tour the country, pushing the Conservatives' message. Mr Archer, he said, was attending up to three meetings a day and was proving a highly popular exponent of Tory policies.

Mr Morrison's own political future will, to some extent, depend upon the success of his efforts in the coming months. The return of a third Conservative administration should ensure a reward from Mrs Thatcher in the shape of his return to another, possibly weightier, ministerial post.

£120m order given to Royal Ordnance

BY LYNTON McLAIR

THE MINISTRY OF Defence abandoned its competitive tendering policy for defence equipment yesterday by agreeing to buy all its supplies of small arms ammunition for the next three years from Royal Ordnance, the state arms and munitions company.

Royal Ordnance had no competitors for the contracts, which will be worth a total of about £120m over the three-year period to 1988. MoD procurement officials sought lower prices from Royal Ordnance for the 5.56 mm rifle ammunition, the 7.62 mm machine gun ammunition and the 9 mm sub-machine gun and pistol ammunition.

Discussions will take place shortly between Royal Ordnance and the Ministry, according to Mr Philip Thorpe, the director of Royal Ordnance, Railway Green, near Crewe, Cheshire, where most of the ammunition will be made.

Under the terms of the agreement reached with the Ministry, Royal Ordnance is to make further improvements in efficiency measures.

FT index to provide world benchmark

BY CLIVE WOLMAN

INTERNATIONAL fund managers have acquired a glamorous image, jetting to companies around the world and ordering the switching of millions of pounds from the US to Singapore or Japan.

However, whether all their frantic activity is supported by generous salaries and expense accounts, can be justified in terms of achieving higher returns for clients has always been less clear.

The question has become more pressing in the 1980s because of the rapid growth of international equity portfolio management, not only in the US since the abolition of exchange controls, but also in the UK and more slowly, in Japan and Western Europe.

The problem has been to find a suitable benchmark against which to judge the investment performance of international managers, just as, for example, the FT-Actuaries All-Share Index is used to judge fund managers' performance in the UK stock market.

Until now the only such benchmark to become widely accepted was that set up by Capital International Perspective in Geneva. The rights to those indices were acquired last year by Morgan Stanley, the US investment bank.

The establishment of what is now called the Morgan Stanley Capital International World Index - MSCIWI or, irreverently, Mr Kiwi - was a great accomplishment in view of overcoming the problems of different accounting standards and definitions of equity; and also allowing for dividend payments and currency fluctuations.

Some complained that the 1,500 stocks it covers from 19 countries make it a market-leader index rather like the FT-SE index of 100 stocks in the UK market. It still fails to reflect smaller companies' performances adequately.

Another criticism is that it includes shares foreign investors find difficult or impossible to buy because of legal restrictions or because they are tightly held, such as shares in Swiss-registered companies or in Swedish banks which are banned to foreigners.

Fund managers' protests date

mainly from 1984. Most discovered their performance was well below the rise, with income reinvested, in the MSCIWI.

This was partly because of the upsurge in Japanese bank shares, which were difficult for foreigners to buy, and because of the relative decline in many smaller company shares. That these biases, in previous years had worked in the opposite direction to flatter the fund managers' performance, was overlooked.

Morgan Stanley itself has plans for including more companies and countries in its index and a wider range of sub-indices.

The Financial Times Actuaries World Index, launch of which next January was announced yesterday, aims to meet some of the criticisms by including a wider range of companies. About 2,000 are to be chosen from a pool of about 2,500 drawn from 24 countries, including some, such as Finland and New Zealand, not covered by the MSCIWI.

The index will also be calculated faster than MSCIWI, which is prepared overnight in the US ready for US managers to find on their screens the next morning.

It is hoped that the FT-A World Index will be calculated daily only a few hours after the close of the US stock markets, ignoring any movements that have occurred in the next day's trading in Australasia and the Far East. This should allow the index to be printed in later editions of the next morning's Financial Times in London.

The index will be calculated in several different currencies. It will cover 90 different industrial sectors in which the world's stock market companies operate. Indices will be compiled and published for many of these sectors.

However, the index compilers have yet to decide whether to give to companies, many of the shares of which are not freely available to private investors. That has been the situation with British Telecom, 40 per cent government-owned, and, at least before 1984, of Japanese banks. It will be difficult to lay down rules without being accused of arbitrariness.

FT-ACTUARIES WORLD SHARE INDEX

Number of companies in pool from which index is calculated

Australia	120	Switzerland	30
Austria	18	Taiwan	25
Belgium	43	Thailand	40
Canada	112	United States	30
Denmark	37	West Germany	100
Finland	22	Yugoslavia	10
France	136		
West Germany	150		
Hong Kong	50		
Ireland	15		
Italy	78		
Japan	480		

Total: World 2,575 Total: World ex-US 2,018

News from



CS\$100 million contract to re-cable Saskatchewan

BICC's Canadian subsidiary, Phillips Cables, has recently embarked upon what could be their most extensive re-cabling project ever.

Phillips are working with the Saskatchewan Power Corporation as the main supplier of electrical cables, to upgrade the supply to the rural areas of Saskatchewan.

The initial contract, valued at CS\$100 million, is for eight years, and over the next 20 years, Saskatchewan's entire 108,000 kilometre network of overhead rural distribution lines will be replaced with an underground system to service its 86,000 rural customers.

Production for the contract is already in full swing at Brockville, Ontario, and Phillips expect to open a new CS\$7 million manufacturing plant at Moose Jaw early in October. This will enable BICC to meet the entire needs of the contract and compete for other business in North America and overseas.



Another Phillips underground re-cabling project - in Montreal.

BICC beats off foreign challenge again in Singapore

A £10 million follow-up contract to light up the city of Singapore means a second success for BICC Cables.

In May 1984, BICC was awarded a £60 million contract in Singapore against strong Japanese, Korean and European competition.

This was the largest suspension cable contract ever awarded by the Singapore Public Utilities Board. The first stage of the cable laying operation has already been finished and the entire project should be completed by March 1988.

Now BICC has once again beaten off foreign competition to supply and install further suspension cables and accessories.

This latest work ensures more than twelve months additional BICC suspension involvement in Singapore.

The main supply and install order was won by BICC Erith, who will produce the pilot cables and accessories, while BICC Wrexham will produce the Cross Link Polyethylene (XLPE) insulated cable for the project.

Following on from export contracts in Hong Kong, Kuwait and Saudi Arabia, this success again underlines BICC's strength as the most prominent suspension cable manufacturer in the world.

Balfour Beatty rapidly transforms Ropemaker Street

Ropemaker Place is an eleven storey City office block providing 340,000 sq. ft. of the most modern, air-conditioned, fully serviced office accommodation. It is being built using fast track methods by Balfour Beatty Building for developers London & Metropolitan Estates. Work started on demolishing the original building on the site in January 1985. Construction commenced June 1985. Topping-out was in March 1986. Completion is scheduled for June 1987.

This £27 million contract for the City's latest and most prestigious office block will, on completion, have an investment value of over £100 million. This makes it the Norwich Union's biggest single property investment and is further evidence of Balfour Beatty's status as one of the UK's leading international construction companies.

Balfour Beatty Building has also won the twelve month fitting-out contract for Merrill Lynch, the American bankers, who will occupy the building as their London headquarters. This work will overlap construction giving the incoming tenants access in January 1988, just 2 1/2 years from commencement of construction. Fast tracking by any standards!

"Energy Management could save £1m per year"

says British Airways Chief

The entire energy control and management system for British Airways at Heathrow is being designed and installed by Transmittion - part of BICC Technologies.

The contract, worth £1.4 million, has been described as "the UK's biggest energy management system order ever placed", and means that British Airways and BICC are jointly setting the pace in 1986 - Energy Efficiency Year.

The system is expected to produce savings of at least £1 million per year and will involve controlling energy usage in no fewer than 40 buildings.

Energy control at Heathrow is particularly demanding as the site is divided into nine large sub-areas, each with its own maintenance staff and management.

However, Transmittion was able to use its highly flexible MP2300 colour graphics package to develop a system matching the structure of the site.

THE BICC GROUP

BICC Cables Balfour Beatty BICC International BICC Technologies

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Total dividend — 2.25p (1.75p)

- Although the year to 31st March 1986 has been more difficult than anticipated pretax profit has increased by 79.7%. This figure was achieved notwithstanding exchange rate variations and losses incurred in the Specialist Contracting Division in respect of activities which are now in course of closure.
- Operations in the United Kingdom are working on the tight margins being experienced by the construction industry but the prospects for the industry are showing some signs of improvement.
- The Materials Supply Division made another good contribution and our Plant Hire and Surfacing Companies returned to profit. The Construction Equipment Division performed particularly well in Australia and New Zealand as did the Construction Division in the Middle East. All but one of our fully established overseas subsidiaries and related companies operated profitably.
- Having achieved profit turnarounds in certain companies and eliminated other loss making activities, it is anticipated that the results for the year to 31st March 1987 will constitute a further improvement at least approaching that achieved this year.

The Report and Accounts will be available after 17th September 1986 from The Secretary, Robert M. Douglas Holdings PLC, 395 George Road, Birmingham B23 7RZ.

Ports chief attacks state subsidies

By Kevin Brown

SIR Keith Stuart, chairman of Associated British Ports, yesterday launched a strong attack on distortions in the market for port services caused by government subsidies.

Sir Keith told the World Freight Conference in London that the UK Government had provided £200m in the last five years to subsidise the older ports in London and Liverpool.

"These subsidies will ultimately have little effect in preventing the decline of those ports, but in the interim can and do create a totally artificial market for port services in some sections," he said.

Sir Keith said UK ports also had to compete with extensive subsidies to ports elsewhere in Europe for light dues, pilotage, dredging costs and infrastructure work.

"I think UK ports are fully justified in complaining strongly about the unequal treatment of the ports industry within what is supposed to be a Common Market," he said.

Sir Keith called for the establishment of a "true market economy" in the ports industry, and an end to subsidies by both UK and continental European governments.

"I want to see more emphasis placed on ports as business enterprises and much less on their misuse as elements of socio-economic engineering," he said.

Associated British Ports, created in 1963 with the privatisation of the British Transport Docks Board, is the biggest UK port operator.

UK NEWS

Labour rules out return to very high tax rates

BY PETER RIDDELL, POLITICAL EDITOR

A NEW Labour government would not return to the very high marginal rates of taxation which were levied on the highest paid before 1978, Mr Roy Hattersley, the shadow Chancellor of the Exchequer, promised last night.

In a speech in New York intended to reassure US investors about the financial responsibility of Labour's plans, Mr Hattersley argued that the highest paid, and he included himself, would have to contribute more.

He stated that this would not mean a return to previous very high marginal rates. These went up to 85 per cent on earned income and 98 per cent on investment income before the changes in the first Conservative Budget of 1978.

Labour, he said, shared the view, inherent in the current American tax proposals, that there should be a restriction on the allowances that can be claimed against taxes levied at higher than standard rates.

This means in practice that interest relief would only be allowable at the basic rate of income tax (currently 29 per cent) and not at the

highest marginal rate (up to 60 per cent) which an individual faces.

Mr Hattersley said that Labour was also examining the US proposals to tax capital gains as income. A variety of options for recouping the £2.6bn of tax concessions for the higher paid since 1978 were now being examined by Labour advisers for a shadow Cabinet decision later this autumn.

He added that changes were also needed in corporate taxation. The withdrawal of capital allowances had, after the initial boost given to investment, had a deeply damaging effect on Britain's industrial performance. He said that some new form of investment incentive would be introduced by the next Labour government.

Mr Hattersley was flown out to New York by City of London stockbrokers Greenwell Montagu to address a dinner to coincide with an institutional investors' conference. He will also meet members of the US business press.

Mr Hattersley reaffirmed Labour's commitment to reduce unemployment, to redistribute income

and to increase public spending on services such as health. But he set these policies in the context of a firm framework for expenditure and borrowing.

Mr Hattersley also reaffirmed that Labour would not reintroduce statutory exchange controls and explained his scheme based on tax incentives, for the repatriation of part of the overseas investment of City institutions.

He stressed that these proposals neither affected direct overseas investment by British companies, nor holidaymakers and businessmen wanting to take small sums out of Britain.

He suggested that US investors might regard them as similar to those introduced by President Kennedy in 1963 and to schemes currently operating in some Canadian provinces.

He said the repatriation of a percentage of institutional overseas portfolios would exert some upward pressure on sterling values and would help to avert any over-depreciation, which would undermine Labour's effort to rebuild industry.

Alliance 'defuses row over Polaris'

By Michael Cassell

LEADERS of the Social Democratic Party/Liberal Alliance believe they have succeeded in defusing the damaging row over the future of Britain's nuclear defences which could have overshadowed their forthcoming party conferences.

Disagreement between the two Alliance partners over the need for an eventual replacement for Polaris emerged during the early summer and both sides have since been attempting to establish a compromise formula acceptable to both partners.

In their attempt to find common ground, Dr David Owen and Mr David Steel, the Alliance leaders, have been stressing the European aspect of defence policy and they now believe, after their recent meetings with EEC political leaders, that their approach has been vindicated.

The Alliance is particularly encouraged following talks in France which appeared to suggest that the French position on defence co-operation with its European neighbours is changing significantly and is becoming markedly less isolationist.

Dr Owen and Mr Steel are hoping that their recent efforts will have proved sufficiently successful to forestall any head-on clash at the party conferences over nuclear defence and will give more time to work out an agreed position.

Mrs Williams, announcing details of the SDP party conference, which begins in Harrogate, Yorkshire, tomorrow, said that the two leaders' visits to Europe had brought the parties closer on defence and that the differences had been healed.

Motions accepted by the policy committee for discussion at the conference endorse the policies outlined in the joint SDP-Liberal commission on defence, suggesting that Dr Owen is prepared to soften his approach and to seek a compromise.

The SDP conference, which will be attended by about 1,500 delegates and will be the party's last opportunity to present policies independently from its Alliance partners, faces other potentially divisive issues, including nuclear defence and the party's proposals for the redistribution of wealth.

British Coal backs European innovation plan to create jobs

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

BRITISH Coal Enterprise, the body set up to help create new jobs in pit closure areas, yesterday agreed to put £218,000 into the first British example of a new generation of innovation centres. It will be built in Barnsley, South Yorkshire.

The centre - described by Mr Tony Hewitt of British Coal Enterprise as a "high-technology equivalent of a managed workshop" - will nurture new businesses which are pioneering innovative products and services.

It will be one of at least 10 of a similar type in Britain and will be part of a European network of 60, all partly funded by the European Community. They will be linked electronically to help interchange of ideas, joint ventures, technology transfers and venture capital leverage for the high-fliers.

Running costs of the Barnsley centres are expected to be £2m over five years, with half from Europe, one-third from British Coal and other support from Berylays, NetWest and the Co-operative Bank.

Unemployment in Barnsley is 21 per cent, rising to 25 per cent around the five pits that have closed in the last five years with the loss of 5,000 jobs. South Yorkshire as a whole has lost one-third of the 45,000 mining jobs it had in 1981.

Mr Hewitt said that he did not expect the centre to provide jobs directly for many redundant miners. He believed its role would be to build a structure of local unemployment for miners' children. The centre's initial hopes are 500 jobs by 1991.

Mr Christopher Norman-Butler, of the Brussels-based European Business and Innovation Centre Network, said that the prototypes for the venture were a centre in the Aston University Science Park in

Birmingham and a similar one in Berlin, with which it formally twinned this year.

At Aston, 35 companies have started up in three years, with an average capitalisation of £70,000 and an average payroll of eight. There has been one failure, but the star performer now employs 150.

There are already innovation centres of sorts at Edinburgh, Welsh Deeside, Merseyside, Newcastle and Swansea, where university involvement has been the key to their establishment. Most are likely to modify themselves to conform with European Community definitions and join the new network.

In Europe, similar centres are now emerging at Limerick in Ireland, Bilbao in Spain, and Oporto in Portugal.

New Issue September 12, 1986

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Baden-Württembergische Bank Aktiengesellschaft	Banco Commerciale Italiana	Banco di Napoli	Banco di Sicilia	Banco di Venezia
Banco di Roma per la Svizzera	Bank of America International Limited	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Brindisi	Banco di Trapani
The Bank of Nova Scotia Channel Islands Limited	Bank of Tokyo (Deutschland) Aktiengesellschaft	Banco di Cassino	Banco di Udine	Banco di Foggia
Banque Générale du Luxembourg S.A.	Banque Indosuez	Banco di Avellino	Banco di Biella	Banco di Cuneo
Banque Nationale de Paris	Banque de Neufilix, Schläpfer, Moller	Banco di Bergamo	Banco di Isernia	Banco di Lodi
Baring Brothers & Co. Limited	Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft	Bankhaus Gehrder	Banco di Mantova	Banco di Novara
Berliner Bank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank	Bankhaus Gehrder	Banco di Pavia	Banco di Sondrio
Chase Bank AG	CIBC Limited	Bankhaus Gehrder	Banco di Tortona	Banco di Vercelli
Compagnie de Banque et d'Investissements, CBI	County NatWest Capital Markets Limited	Bankhaus Gehrder	Banco di Voghera	Banco di Alessandria
Crédit Lyonnais	Crédit du Nord	Bankhaus Gehrder	Banco di Casale Monferrato	Banco di Asti
CSFB-Effektenbank	Delva Europe (Deutschland) GmbH	Bankhaus Gehrder	Banco di Cuneo	Banco di Bra
Debrück & Co.	Deutsche Bank Capital Corporation	Bankhaus Gehrder	Banco di Biella	Banco di Aosta
DG Bank Deutsche Genossenschaftsbank	Domination Securities Pfleld Limited	Bankhaus Gehrder	Banco di Isonzo	Banco di Susa
EDC Anro Bank Limited	Enakida Securities Scandinaviska Enakida Limited	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Generale Bank	Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Hambro Bank Limited	Hamburgische Landesbank - Girozentrale	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien	Hessische Landesbank - Girozentrale	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Istituto Bancario San Paolo di Torino	Kidder, Peabody International Limited	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Kredietbank N.V.	Kredietbank S.A. Luxembourgoise	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Landesbank Schleswig-Holstein Girozentrale	Leu Securities Limited	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
LTCS International Limited	Manufacturers Hanover Limited	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Merrill Lynch International & Co.	B. Metzler oest. Sohn & Co.	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Sammel Montagu & Co. Limited	Morgan Grenfell & Co. Limited	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Norddeutsche Landesbank Girozentrale	The Nido Securities Co. (Deutschland) GmbH	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
N. N. Rothchild & Sons Limited	St. Oppenheim Jr. & Co.	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
J. Henry Schroder Wegg & Co. Limited	J. Henry Schroder Wegg & Co. Limited	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Smith Barney, Harris Upham & Co. Incorporated	Société Générale	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Swiss Cantonalbank	Swiss Volksbank	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Thiess & Burkhardt KGaA	Verkehrs- und Westbank Aktiengesellschaft	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
Westfälische Bank Aktiengesellschaft	Westpac Banking Corporation	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia
	Yamatoban International (Deutschland) GmbH	Bankhaus Gehrder	Banco di Sesia	Banco di Sesia

New Issue September 12, 1986

Conti-Gummi Finance B.V.

Amsterdam/Netherlands

DM 150,000,000

5½% Deutsche Mark Bonds due 1996 with Warrants attached

unconditionally and irrevocably guaranteed by

Continental Gummi-Werke Aktiengesellschaft,
Hanover, Federal Republic of Germany

Offering Price: 150%
Interest: 5½% p.a., payable annually on September 12
on September 12, 1986 at par
each bond of nom. DM 1,000 will be issued with three warrants
- two warrants (equity warrants) entitling the holder from October 13, 1986 until September 12, 1996 inclusive to subscribe to a total of six bearer shares of Continental Gummi-Werke Aktiengesellschaft, Hanover, at a subscription price of DM 323.- per share of DM 50.- per value
- one warrant (bond warrant) entitling the holder from October 13, 1986 until September 26, 1989 inclusive to subscribe for nom. DM 1,000 of the 6% Deutsche Mark Bonds due 1994 issued by Conti-Gummi Finance B.V. at par plus accrued interest (if any).
Frankfurt am Main and Hanover. The equity warrants will be listed on all German stock exchanges.

Deutsche Bank Aktiengesellschaft	Bank für Gemeinwirtschaft Aktiengesellschaft	Bayerische Vereinsbank Aktiengesellschaft	Commerzbank Aktiengesellschaft
Morgan Guaranty GmbH	Schweizerische Bankgesellschaft (Deutschland) AG	Swiss Bank Corporation International Limited	Westdeutsche Landesbank Girozentrale
Algemene Bank Nederland N.V.	Arab Banking Corporation - Drexel & Co. GmbH	Arnold and S. Bleichroder, Inc.	Bank in Liechtenstein (Prinzipal) GmbH
Bank für Gemeinwirtschaft Aktiengesellschaft	Banco del Gottardo	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Brindisi
Berliner Handels- und Frankfurter Bank	Banco di Cassino	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Biella
Crédit Lyonnais	Banco di Cuneo	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Isonzo
CSFB-Effektenbank	Banco di Foggia	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Mantova
Deutsche Bank Capital Corporation	Banco di Novara	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Pavia
Generale Bank	Banco di Sesia	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Sondrio
Manufacturers Hanover Limited	Banco di Susa	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Tortona
Sammel Montagu & Co. Limited	Banco di Voghera	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Vercelli
Norddeutsche Landesbank Girozentrale	Banco di Alessandria	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Bra
N. N. Rothchild & Sons Limited	Banco di Aosta	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Casale Monferrato
J. Henry Schroder Wegg & Co. Limited	Banco di Isonzo	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Cuneo
Smith Barney, Harris Upham & Co. Incorporated	Banco di Sesia	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Biella
Swiss Cantonalbank	Banco di Susa	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Aosta
Thiess & Burkhardt KGaA	Banco di Voghera	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Casale Monferrato
Westfälische Bank Aktiengesellschaft	Banco di Alessandria	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Biella
	Banco di Aosta	Bank in Liechtenstein (Prinzipal) GmbH	Banco di Casale Monferrato

UK NEWS

SIB REVISED DRAFT RULES

Detailed controls proposed on investment advertising

BY CLIVE WOLMAN

THE REVISED draft rules published yesterday by the Securities and Investments Board...

Several sections of the original draft rules published in February have also been revised substantially as a result of consultations...

THE EXPERIENCED INVESTOR

The earlier draft rules made a distinction between the professional or business investor for whom some of the investor protection rules could be relaxed...

The new rules introduce another category, that of the experienced investor. This is defined as someone who has actively managed his own investments over a period of a year or more on such a scale...

An investment firm will not have to ask customers who are experienced investors to sign a full customer agreement as specified by the SIB rules.

DISBURSERS' AGREEMENTS The revised rules provide detailed requirements for all forms of customer agreements and the procedures for making and activating them.

Other material that must be contained in a full customer agreement includes information on the basis, method and frequency of payment by the customer to the firm for services rendered and a statement on whether the firm will earn any commissions.

An occasional customer agreement must summarise the advice the firm has given the customer and any instructions the customer has given the firm.

The requirement in the original draft rules that customer agreement letters should be renewed every year has been dropped. But any agreement allowing the firm to make unsolicited calls lapses if no business has been conducted between the firm and investor for a year.

A business letter must also specify the investments and services for which the customer is to be treated as a business, professional or experienced investor. It must also make clear that the firm does not have to execute a transaction for the customer on the best terms, for example by buying shares at the lowest price available on the Stock Exchange...

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often made to life insurance and unit trust brokers who generate a high volume of sales. This restriction does not apply to stockbrokers who charge fund managers lower rates of commission for larger transactions.

BEST ADVICE

A new general requirement is added by the revised rules on investment firms to give the "best advice" to customers. The investment must be suitable for the customer taking into account what the firm knows or should have known about the customer's other investments and his personal and financial situation.

For customers in the life insurance or unit trust company who are a potential customer, who is not an execution-only customer (one who merely gives instructions to a transaction to be put into effect without the firm's knowledge of his wealth and how it is invested. It must then accept that it may not have any suitable investment for him).

ILLIQUID INVESTMENTS

Firms must give a warning if they recommend investments which cannot be easily cashed in, for example shares in an unquoted company. They must explain clearly the possible difficulties to the customer of realising the investment and of determining accurately its current value. They must also disclose fully any interest the firm has in the investment including, for example, options over a company's shares.

A stricter requirement has been imposed on securities firms publishing research which makes recommendations to buy (or sell) company securities or other investments. They are not allowed to buy (or sell) the investments in participation of the recommendation being published.

Exceptions to the rule are granted if the firm is merely buying securities to satisfy anticipated customer demand in response to its recommendations, provided that its purchases do not in themselves significantly boost the price.

ADVERTISING RULES

The advertising requirements apply to all forms of printed media and broadcasting. They must take into account the financial sophistication of the readership. Thus an advertisement in a specialist financial tip-sheet may not be suitable for a mass-circulation newspaper.

The evidence to substantiate any statements of fact must be available at the time of publication. Information which is likely to be out of date by the time the advertisement is published and read should not be used.

The fairness of an advertisement will be judged by what is omitted as well as what is included. The key features of a product or service being advertised must be described.

Strict rules are to be applied to past investment performance records published in advertisements. The selection of a period over which the performance is recorded must not be unfair. The SIB is asking for comments on the draft rules to be submitted by October 8. The rules, which set the standards which individual self-regulatory organisations must meet, will form the basis of the SIB's request under the Financial Services Bill for authorisation by the year's end from the Trade and Industry Secretary.

The revised rules impose detailed and strict limits on the inducements one investment firm can give to another to persuade it to refer its customers' business with the inducing firm. Gifts must not be of such a frequency or value that could reasonably be expected to influence the judgment of any recipient making recommendations to customers or making decisions on their behalf.

The rules ban arrangements for the reciprocal placing of business, which restrict a firm's freedom to place or execute a customer's business at his best advantage. They also ban the commission over-riding, the additional payments

Handwritten note: "SIB rules 1986"

NATIONAL COAL BOARD U.S.\$50,000,000 8% Guaranteed Bonds 1988

S. G. WARBURG & CO. LTD. announce that the redemption instalment due 15th October, 1986 has been met by purchases in the market to the nominal value of U.S.\$1,161,000 and by a drawing of Bonds to the nominal amount of U.S.\$3,839,000.

The distinctive numbers of the Bonds drawn in the presence of a Notary Public, are as follows:-

Table of bond distinctive numbers from 422 to 4925, organized in columns.

On 15th October, 1986 there will be due a principal and pay on each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:- S. G. WARBURG & CO. LTD., Paying Agency, 6th Floor, 1 Finsbury Avenue, London EC2M 2PA or one of the other paying agents named on the Bonds.

FINANCIERING MAATSCHAPPIJ d'ORANJEBOOM B.V.

£30,000,000 12 1/2% Guaranteed Bonds 1992 Guaranteed as to payment of principal, premium (if any) and interest by

ALLIED-LYONS PLC

NOTICE TO THE HOLDERS OF THE ABOVE MENTIONED BONDS

Notice is hereby given to the holders of the £30,000,000 12 1/2% Guaranteed Bonds 1992 (the "Bonds") in accordance with Clause 15(F) of the Paying Agency Agreement for the Bonds that, with the consent of the Trustee of the Bonds, notice to terminate the appointment of the present Principal Paying Agent and Paying Agents has been given. Such appointments will terminate with effect from 21st October, 1986.

With the consent of the Trustee the following have been appointed as the new Principal Paying Agent and Paying Agents with effect from 21st October, 1986:-

Midland Bank plc, International Division, P.O. Box 181, 110-114 Cannon Street, London EC4N 6AA.

as Principal Paying Agent

Kredietbank N.V., 7 Arenbergstraat, 1000 Brussels, Belgium.

Swiss Bank Corporation, Aeschenvorstadt 1, Basel, Switzerland.

Kredietbank S.A., Luxembourg, 13 Boulevard Royal, L-2995 Luxembourg.

Morgan Guaranty Trust Company of New York, 30 West Broadway, New York 10015, U.S.A.

as Paying Agents

12th September, 1986.

TECHNOLOGY

Laura Raun, in Amsterdam, looks at how Dutch horticulture aims to keep its grip on world markets

Where computers lurk among the begonias

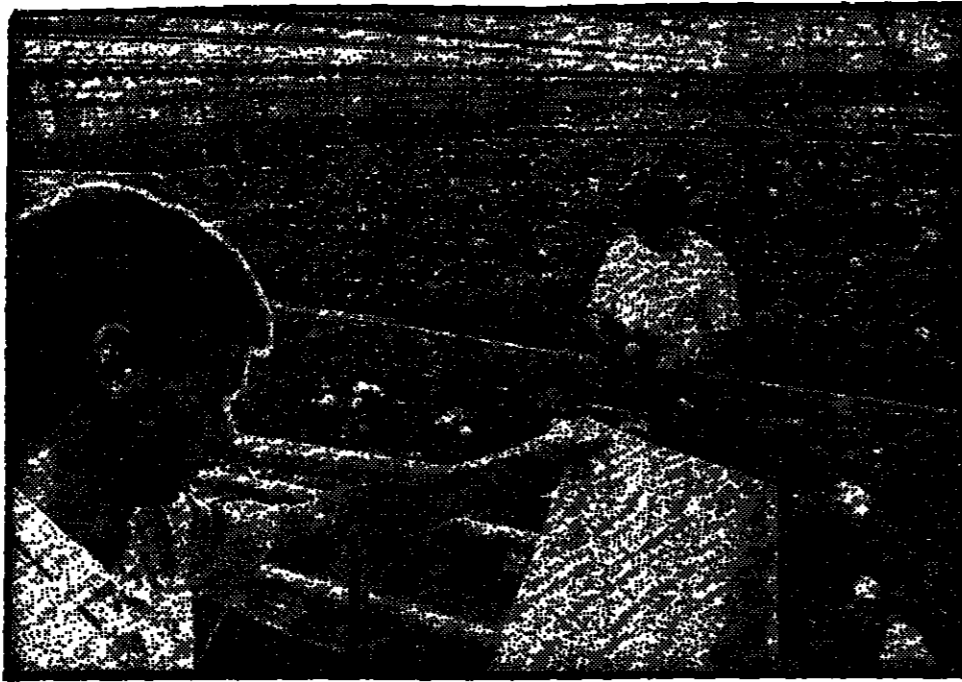
THE MASSES ranks of begonias and cyclamens at the Klass Visser glasshouse nursery, in the Netherlands, are left to their own devices at the weekend. No one stays behind to water them, open the air vents and move the sun screens. A small mainframe computer, specially designed for the Dutch horticultural industry, controls all that automatically, replacing the three or four workers previously needed to tend the fledgling plants.

Long known as some of the world's most intensive farmers, the Dutch have harnessed high technology to produce even bigger and better crops at cheaper prices. Among the greatest automation advances have been those in the horticulture industry which has grown up around the vast glasshouses that provide plants with some of the warmth the country lacks. Climate-controlled greenhouses churn out roses and tomatoes in the manner of computer-aided manufacturing, while highly automated auction houses speed the produce to consumers within hours.

For years the Dutch have sold more cut flowers and potted plants abroad than anyone else in the world. In 1985 exports amounted to Fl 3.6bn (£1.57bn) and, with those for vegetable and fruit surging 63 per cent to Fl 5.55bn since 1980, horticultural exports now account for about one-fifth of all the Netherlands' agricultural sales overseas.

Growing international competition, however, coupled with appreciation of the Dutch guild and a slowdown in world trade are threatening to undermine the country's pre-eminent position. Dutch exports of cut flowers shrunk to 63 per cent of the world market last year from 66 per cent in 1984, while vegetable and fruit exports may come under pressure from Spain, following that country's entry to the European Community.

Dutch horticulturists are nevertheless in a strong position to face up to these challenges. Scarce land and high wages have forced them to develop efficient production methods while plentiful fuel-neutral gas has favoured glasshouse cultivation. The good side of the horticulture industry has provided the economies of scale necessary to finance new and innovative techniques, with automation proceeding



Computers look after the needs of plants at the Klass Visser nursery, making sure they have the correct amounts of air, water and light. A big problem, however, has been translating into the system the feel a nurseryman has for his flowers. Nevertheless, moves are underway to build into machines a "green thumb" to judge the appearance, quality, size and uniformity of plants

along three broad lines: greenhouse-climate control, administration and replacement of manual labour.

The Dutch are determined to stay competitive by offering the highest possible quality for the lowest price. Mr P. J. Hooyman, general secretary of the Aalsmeer Flower Auction (VBA), the world's largest flower auction, wrote in the 1985 annual report: "We have built up an advantage in know-how and craftsmanship as well as in logistics and organisation. It is of the greatest importance that we maintain these advantages . . . through intensive co-operation by all concerned, producers as well as traders."

Located in Aalsmeer, about 15 miles south of Amsterdam, the 340,000 square metre auction house is the largest building in the world (38 football fields) and allows the sale of more than 12m cut flowers and 900,000 plants daily. Display, bidding and accounting are all computerised so that buyers — wholesalers and retailers — can pick up their goods only 15 minutes after the sale.

Because time is money when

it comes to freshly cut flowers, the Aalsmeer auction is aiming to speed up the process even more with a new Fl 7m computer centre. This is part of an expansion programme that will double floor space by next year.

The new centre has been designed to hasten the handling of all the pertinent information that is recorded after a buyer inserts his plastic identification card into his desk top in the auction hall: ID number, purchase price, quantity, type of plant and so on. The enlarged computer capacity may also allow further automation of the payment system.

As in all industries from banking to baking, information in horticulture is increasingly important for staying competitive in a global market. Last year Aalsmeer launched a videotex system that links up with growers to provide up-to-date information on auction prices, sales quantities, buyer demand, weather conditions and other data. Called Televba, the system will later allow a two-way exchange of information and will eventually provide a three-way exchange with buyers.

Just down the glasshouse-lined road from the Aalsmeer auction is Klass Visser International. Established in the 1940s, this 42,000 square metre nursery cultivates young begonias and cyclamens for sale to other greenhouse growers, mostly abroad. One of the most technologically advanced glasshouse growers in the Netherlands, Visser ranks about tenth among young-plant nurseries with annual sales of more than Fl 9m. Over the past decade the company has spent upwards of Fl 5m on automation so that climatic conditions inside the cavernous glasshouses are computer-controlled.

Row upon row of heated tables are laden with flower pots, ranging from seedlings to mature plants adorned with vibrantly coloured blooms—red, pink, orange, gold, yellow. Atomisers dangle from above to suffuse the plants with carbon dioxide while tiny tubes individually drip water and fertiliser on each pot. Lamps bathe the plants in artificial light when the Dutch skies provide too little. At crucial times such as the first

few weeks of sprouting, sun screens protect tiny plants from too much sunlight. Vents in the glass skin of the greenhouse let in fresh air.

Administration at Visser has been streamlined through a computerised ordering system that aids production planning and ensures prompt delivery, explains Mr Willem van der Merbel, director, while sitting in his office overlooking waves of begonias.

Manual labour is where high technology has made the fewest inroads, with automation limited to cyclamen seeding. A seed planting machine that was originally developed five years ago was recently renovated and now plants 20,000 pots per hour, a job that would require 40 people to do.

Mr van der Merbel explains why automation of manual tasks has proceeded more slowly: "The biggest problem is translating the feeling a nurseryman has—his green thumb—into a computer programme."

A veteran horticulturist, Mr van der Merbel knows when a begonia needs water by picking it up to feel how heavy it is, not by looking at it. Another example he gives is nurserymen who used to open the glasshouse vents when cold, winter weather suddenly gave way to unseasonably warm weather, thinking fresh air was good for the plants. What they did not know but computers have revealed is that the carbon dioxide borne by the fresh air nourished the plants.

Progress is being made, however. Research is being carried out to equip a robot with a nurseryman's "green thumb" to judge the appearance, quality, size and uniformity of plants. For Visser, the next major step will probably be such a robot programme to transplant fledgling cyclamen plants from their original styrofoam trays into larger trays to continue growing. "The research is being done to produce an affordable robot, which will probably be available in five to 10 years," Mr van der Merbel predicts.

Improvements are even still possible in computerised climate control, he adds. Scientific research is providing a fresh insight into growing conditions, information which can then be used to improve computer programmes. "The borders in this area have not nearly been reached," Mr van der Merbel says confidently.

Japanese cut cost and bring down size of video cameras

ELECTRONIC photography continues to infiltrate the market, offering a growing threat to film-based products, particularly in the home movie area. If bulk and price have held off some buyers, they will be happy to hear about a new camera-recorder from Japan Victor Corporation (JVC), the GR-43, which measures 268 x 111 x 86 mm (8.3 x 4.4 x 3.7 inches) and weighs 750 gms (1.6 lb). It is claimed to be the world's smallest VHS camcorder and will sell in Japan at Y148,000 (£645).

Full Photo Film showed a new group of still video cameras at Photokina 86 in Cologne. They continue to use tiny floppy disks to record the pictures, but a higher definition image sensor is being used to give greater clarity.

AIRCRAFT FIRES could be far less hazardous following the development by TBA Industrial Products, a Turner and Newall (Manchester, UK) subsidiary, of new fire blocking fabrics.

TBA and Aircraft Interior Components of High Wycombe have jointly designed a dual-fabric fire barrier layer for aircraft seat covers. This is said to offer a good combination of safety, comfort, long service life and low weight.

The materials used are made from a combination of carbon fibre and Du Pont's Kevlar, a high-temperature plastic that retains integrity to 300 deg C. The two materials comply fully with the appropriate Federal Aviation Regulations. More on 061 672 0155.

SALARIES for those involved with CAD/CAM are now among the highest in the electronics industry according to recruitment consultants, Kramer Westfield of Reham, Surrey, UK (0784 34322).

CAD/CAM (computer aided design and manufacturing) is one of the more recent electronic developments, allowing engineers to design products and prepare for their manufacture on a screen and keyboard workstation. Recently it overtook communications as the leader in salary scales,

with 51 per cent of sales managers and 48.6 per cent of technical managers now earning between £20,000 and £26,000 a year. The figures for communications are 33.3 and 29 per cent.

TRANSPORTABLE CELL-FIBRES have been launched by Motorola Communications of Southampton, UK (0324 58211).

The units have the advantage that, although they can be carried about with only little more difficulty than a personal portable, they have the power output of a vehicle-mounted set giving improved

performance, together with improved facilities such as speed dialling from a 70-number memory.

Included with each transmitter is a weatherproof carrying case, charging units to work from mains or from the car's 12 volt supply. Price is £1,199. A model that works both in and out of the car is available from £1,399.

MEGADOC, THE Philips optical system that can store large amounts of data of all kinds on a digital optical disk, has been sold in the UK for the first time.

The customer is Optical Storage Holdings, a company formed to provide consulting, systems and bureau facilities for clients working in this area. Costing £276,000, it will be operational by early 1987.

The operation will be the first of its kind in Europe and apart from UK customers, it will be able to provide services to the existing continental users of Megadoc, including Reale Mutis, an Italian insurance firm, the International Olympic Committee, Landes Sea Sparrows, a German building society and Grune and Jahr, publishers of Stern magazine. Philips says it has a total of 20 orders for Megadoc in Europe.

SYSTEMS FOR THE FINANCIAL COMMUNITY
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FAULT TOLERANT COMPUTERS
01-248 8383

Toshiba and Thomson in microwave venture

MICROWAVE OVENS are to be made in France by a joint venture to be set up by Japanese company Toshiba (49 per cent) and Thomson (51 per cent), a subsidiary of the French electronics company Thomson (51 per cent).

The new firm, called Océfame, will be established at Alzassy (400 km southwest of Paris) and will start up in September 1987 with 230 employees and an expected annual production rate of 300,000 ovens.

VIDEOCALLS in full colour across the Atlantic using a single 56,000 bit character per second (kb/s) digital telephone link have been made from Brussels to Wilcoxon, the US-based video telephone company.

By contrast, transmission of a standard colour TV signal would have required the capacity of 1,500 telephone lines. Widema, however, has developed codecs (coding/decoding) devices that are able to compress the data in the digitised TV signal to "squeeze" it into a 56 kb/s channel.

Although these systems suffer some degradation of motion in the picture, they allow transmission of full colour graphics and other data as well as "face to face" video.

POULTRY FARMERS are being offered a new electronic unit from Stonefield Systems of Hereford, UK (0403 51266). Called Flockman, it is able to keep the on, and adjust, poultry house temperature, humidity, ammonia levels, heater consumption, feed uptake and flock growth performance. The system takes inputs from sensors around the poultry house, analyses findings and controls the environment accurately.



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BOWATER

Sale of UK Paper Activities Completed: Profits up 39%

INTERIM RESULTS			
(unaudited)			
	Six months to 30th June 1986	1985	Year 1985
Trading profit:			
Packaging and associated products	9.7	7.2	14.3
Merchandising and services	5.2	3.1	9.5
Tissue and associated products (50%)	7.2	3.7	8.0
Paper and pulp	0.9	2.5	2.9
Other activities less central costs	(2.1)	(0.1)	2.4
	20.9	16.4	37.1
Partner's 50% interest in tissue and associated products	7.1	3.7	8.0
	28.0	20.1	45.1
Interest (net)	9.1	6.9	12.7
Profit before taxation	18.9	13.2	32.4
Taxation	6.2	4.5	6.9
Profit after taxation	12.7	8.7	25.5
Minority interests	4.2	2.8	6.2
Profit attributable to shareholders	8.5	5.9	19.3
Dividends: preference ordinary	0.1 3.9	0.1 3.5	0.3 8.6
Earnings per ordinary share	8.9p	6.4p	20.7p

Notes:
Contributions to the United Kingdom Pension Plan have been suspended and trading profits have benefited by £4.5m. Of this sum £2.6m relates to Bowater-Scott Corporation Ltd. and to the UK Paper Group, both of which were sold subsequent to 30 June 1986.
Figures for the year 1985 have been abridged from full accounts for that year which have received an unqualified audit report and have been filed with the Registrar of Companies.

We have now completed the sale of our UK Paper activities to a group which includes management participation. This sale marks our final withdrawal from papermaking in the Northern Hemisphere. The Bowater-Scott transactions are now complete.
These major developments are in accord with our stated policy of reducing our exposure to capital intensive and cyclical activities especially those heavily dependant upon imported raw materials.
We have continued the drive to expand our Packaging and Associated Products activities and our Builders Merchants coverage, the cost of our acquisitions in 1986 to date has been in excess of £66 million.
Our progress is encouraging.

A. L. Lenton, Chairman.

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MANAGEMENT

WORK SHADOWING, the Industry Year, started off with only the most general objectives: to make young people aware that industry is important to the wealth-producing process, both through having direct experience and by taking that learning back to those who did not take part in the experiment.

The signs are, however, that—properly organised—it could have other more defined results, and influence young people's choice of career.

So far, it has pointed up persistent areas of weakness in the current level of understanding between industry and education. Although growing numbers of schools now have some sort of link

Work shadowing

A qualified success

Hazel Duffy on efforts to create a legacy from Industry Year

with local industry, it was striking that none of the 17-year-olds interviewed felt that they had had anything like adequate preparation for industry.

None had been on an industrial visit—"I knew they took place, but they were always over-subscribed," said Samantha Bradbury-Platt. All four felt that they

would have welcomed more information and guidance from their teachers, although they recognised that this could be no substitute for practical experience.

But the most glaring deficiency on the education side still is in career-counselling—something for which industry has to take some of the blame, perhaps. All said that

they had had visits from former pupils now at university who talked about what they were doing, but that nobody seemed interested. In what happened beyond that.

When they did have visitors from the working world, they tended to talk about professional careers—accountants, solicitors, engineers—but not about how these might fit in

with industry, and certainly nobody talked about management, which was the very practice that they witnessed in shadowing, and found exciting.

If the work shadow scheme is to have long-term value, it has to be repeated each year. Better organisation is needed—some pupils were only told of the scheme one week before the end of the summer term.

Ideally, preparation probably needs to be made in early spring. Managers also thought they should have the chance to meet their shadows for a short while before the week starts. Given these improvements, work shadowing could prove one of the more enduring legacies of Industry Year.

Where a do-it-yourself MBA would fit the bill

By DAVID THOMAS

SHELL UK has a problem with developing the best and brightest of its young managers: it would like them to have some formal business training at key moments of their careers, but it cannot afford to send them for long periods to business schools to do MBAs.

John Bowden, Shell UK personnel director, explains: "Two years costs too much in time (and therefore money) to send someone away, especially early on in their career."

He is also worried that his managers may never return once they have crossed the thresholds of business schools: "We just don't send our bright people away from Shell for two years, because the chances are they'll get so hyped up about the prospects that we'll lose them."

Yet, as the demands made on managers continue to intensify, Bowden is also convinced of the need for managers to undergo formal training like that offered on the MBA.

academic institution like a business school. "It would have to be modular to suit a company like ours where we have people from Aberdeen to London and even abroad," he argues.

Bowden appears to be pushing an open door. Yesterday Manchester Business School held a meeting in London with eight companies, hosted by BP, to discuss offering a modular MBA in two parts.

The first would be courses at Manchester on a part-time basis spread over three years. The second would consist of credits reflecting the training and experience gained by managers in their companies.

Nigel Campbell, who helped develop the idea at Manchester, explains: "There appears to be a groundswell among 25-to-35-year-olds who would like the qualification, but who also feel committed to their company."

The CMAA's Credit Accumulation and Transfer Scheme was designed for students who wanted to assemble credits towards a qualification from a number of sources.

David Pollard, the scheme's registrar, says: "About 50 companies with well-developed training schemes, both technical and managerial, came to us asking whether their training courses could count towards our qualifications."

In July the CMAA decided there was no objection in principle to this idea. This autumn it is due to evaluate a couple of pilot schemes put forward by IBM and British Telecom's international division.

So far, however, the CMAA has not approved the proposal only for lesser qualifications than that of an MBA. These ideas are not without their problems. In the first instance, business schools and the CMAA will have to evaluate companies' in-house training to decide its true worth—an activity ripe for friction. The logical conclusion on the other hand, could be a totally in-house MBA, a prospect the business schools would hardly relish.

PAUL DIVERS, about to enter his final year at a Winchester sixth form college, only once recalls being bewildered during the week that he shadowed Reg Shield, marketing and sales director of Vickers Design and Projects. That was when he found himself in the midst of a high-level delegation of Russians, who were about to be given a presentation by Vickers' management. He did learn, however, through translators, that the Russians were very interested in the shadow idea, because they, too, have young people attending bright youngsters into industry.

For the rest of the week, he became so absorbed in Vickers that when he was asked to stay on and help the marketing team for a few more weeks, he gladly waved goodbye to any thoughts of a summer holiday.

The Design and Projects operation is not easy for a youngster to understand in so short a time. Vickers Design and Projects, all the team must be qualified engineers. The nature of the work was quite an eye-opener for Paul, who was surprised to see it turn up at the neat little office block in Eastleigh and find no factory.



(L to r) Reg Shield, Paul Divers, Samantha Bradbury-Platt and Nick Chapman

He was taken into all the top level meetings, with other managers discussing bid tactics, and with potential clients. This is a point which worried some managers who were approached to see if they would be shadowed. But Shield did not find it a problem. "I was surprised and encouraged by the ease with which others accepted Paul," he says. "The only meetings I did not take him along to was one where an item of national security was involved, and when I interviewed somebody for a job."

Shield is a Tynesider, and one of the Vickers' managers who had to effect the closure of the engineering works in Scotswood Road, Newcastle. That period brought home to him the necessity for British industry to be competitive, and that it must attract clever young people.

"If they continue to see medicine, law, etc. as offering the best careers, industry will not survive," he says, explaining his enthusiasm for the shadow project. "And there is another reason. Vickers Design and Projects will not benefit directly from good links with local schools because we only recruit engineers with several years of experience. But we are part of the Eastleigh community, and we can contribute much more this way than just paying the rates."

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	Half year to 30 June	Year to 31 December	1985
	1986	1985	1985
	£m	£m	£m
Profit before taxation	10.8	6.5	15
Profit after taxation	6.7	2.9	7.7
Earnings per share	20.9p	8.9p	23.8p
Dividend per share	7p	4.5p	11.75p

Main points from the Statement by the Chairman, Sir Ronald McIntosh ECB

- Profits, earnings and dividend up.
- Good prospects for increased orders in the last quarter of 1986.
- Encouraging longer term outlook.
- Continued benefits from rationalisation programme.



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A copy of the full announcement is available from the Secretary, APV Holdings PLC, APV House, Manor Royal, Crawley, West Sussex RH10 2GZ.

Zambia Consolidated Copper Mines Limited and its subsidiary Companies

Operating and Financial Results for Quarter ended 30 June 1986	Quarter ended 30 June 1985	Year ended 31 March 1986	Consolidated Profit and Loss Account (Unaudited and condensed) K million		
			1986	1985	1985
Production (tonnes)	1986	1985	467	2911	467
Copper	114 228	119 976	499	85	1 186
Cobalt	1 268	867	—	—	(28)
Lead	1 809	1 704	—	—	4
Zinc	5 835	4 944	—	—	(558)
Sales (tonnes)			148	18	300
Copper			(14)	(2)	(14)
Cobalt	134 677	169 654	(18)	(4)	(318)
Cobalt	749	976	148	18	300
Lead	1 810	1 674	(14)	(2)	(14)
Zinc	5 815	4 945	(1)	(1)	1
Average realisation (Kwacha per tonne)			148	18	300
Copper	10 609	3 497	148	18	300
Cobalt	118 699	53 888	(14)	(2)	(14)
Lead	3 297	963	(1)	(1)	1
Zinc	4 928	2 278	148	18	300

NOTES: (1) The financial statements are presented in Kwacha, the currency of Zambia. (2) In some respects, the accounting principles adopted by the group differ from those used in the United States of America. The group's Annual Report Form 20-F to the Securities and Exchange Commission describes the major differences. (3) At 30 June 1986, the exchange rates were K1 = US\$0.133 and K1 = £0.087 and on 1 September 1986 K1 = US\$0.145 and K1 = £0.086.

QUARTERLY REVIEW
Lusaka, 3 September, 1986—Zambia Consolidated Copper Mines Limited (ZCCM) recorded a profit on metal trading of K490 million for the quarter ended 30 June 1986, compared with a profit of K385 million in the corresponding quarter of 1985. A ZCCM spokesman explained that the increase in the profit was due to the substantial depreciation of the Kwacha, following the introduction of the foreign exchange auction system.

However, after taking into account an exchange loss of K194 million, net interest of K146 million and taxation charges of K162 million, the company incurred a net loss of K14 million for the quarter, against a net loss of K28 million in the corresponding period of last year. The spokesman highlighted the adverse impact of the general tax regime applicable to the company and, in particular, the mineral export tax.

During the quarter ended 30 June 1986, copper production, at 114 228 tonnes, was 3 748 tonnes lower than the 119 976 tonnes achieved in the 1985 June quarter. The spokesman said that copper production continued to decline mainly due to the continuing shortages of spare parts and consumables.

Copper sales, including bought-in metal, at 134 677 tonnes for the quarter under review, were 34 977 tonnes lower than the sales of the corresponding period last year.

The spokesman explained that the lower sales for the quarter were partly due to problems on the rail route to Dar es Salaam and a decline in the sale of bought-in metal.

The average realisation price on copper, at K10 609 per tonne for the quarter, was significantly higher than the K8 497 per tonne obtained in the same period of 1985.

Cobalt production, at 1 268 tonnes, was 46 per cent higher than that in the same quarter of 1985. The spokesman said that, due to an oversupply situation, sales of cobalt at 749 tonnes, were, however, lower than the 976 tonnes sold in the corresponding period of 1985.

The average price for cobalt, at K118 699 per tonne, was significantly higher than the K38 888 per tonne realised in the June 1985 quarter.

Production of lead, at 1 809 tonnes, was 11 per cent lower than the 1 704 tonnes produced in the same period of 1985. However, zinc production, at 5 835 tonnes, was 18 per cent higher.

Lead sales of 1 810 tonnes for the quarter were 10 per cent lower than the 1 674 tonnes achieved in the June 1985 quarter while zinc sales, at 5 815 tonnes, were marginally higher.

The spokesman said that total sales revenue for the quarter was K1 580 million, representing an increase of 196 per cent over K1 320 million achieved in the corresponding quarter of 1985.

The Board of Directors has not declared a dividend in respect of the quarter ended 30 June 1986.

At 30 June 1986, the exchange rates were K1 = US\$0.133 and K1 = £0.087 and on 1 September 1986, the rates were K1 = US\$0.145 and K1 = £0.086.

The spokesman said the quarterly review, detailing the company's operating and financial results for the quarter under review, will be issued to shareholders on 17 September 1986.

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If sanctions are imposed on these commodities, many of these bread-winners will be faced with permanent loss of their jobs.

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It will be the end of the road. Women and children, the aged, and the workers themselves will be faced with grinding poverty, and in many cases, certain starvation.

If you want to take the bread from the mouths of those you seek to help, sanctions are the right way to do it.

They will merely intensify racial division, conflict, and misery.

If you are against starvation, and against Apartheid, aim at the right target. Encourage economic involvement in South Africa.

In this way support those in South Africa who can and want to bring about social upliftment and political equality.

Let your opposition to sanctions be heard. Speak to your M.P. Draw up a petition.

THE PROPERTY MARKET

New breed of company turns assets into earnings

Gareth Evans and Alan Carter on 'property entrepreneurs'

TIME WAS when the property company was a simple animal. It borrowed money at x per cent, and bought or built buildings which it let for 2x per cent. There were plenty of sites available after the war and plenty of institutions happy to provide long-term mortgage money. Providing the rent was collected, money was made. But things have changed. The flow of institutional money into property over the past 20 years, which served to drive yields down below prevailing interest rates, turned property companies from profit generators to cash-hungry animals. Companies found they had to fund revenue deficits with the magic 2x per cent turning into 0.5x per cent. While rents were rising, reverentary growth in income allowed more borrowing and with values benefiting from institutions' bidding down yields, property company paper was attractive to the market. This made it relatively easy to deal with the revenue deficit. To compound the agony, the 1980s saw the twin props, rising rents and falling yields, removed. The recession reduced demand from occupiers and stopped rental growth as the opportunity for real returns from paper assets slowed the flow of cash from funds into property, easing the pressure on yields. Furthermore, the greater emphasis on performance led funds to allocate what money they had earmarked for buying property to development, turn-

ing them from supporters of companies into competitors; competitors with deep pockets and a desire for the best sites, buildings, and tenants. Against this background, a new breed of company has developed. Some develop property for sale to institutions, some trade actively in the secondary market, some move into high-yielding (positive revenue) properties. All have one theme in common. They seek to turn assets into earnings. The property sector over the past four years has badly underperformed, with the relative market index falling from 100 to below 100. As rental growth in many sectors declined and institutional buying for most types of property evaporated, so values have gone through gyrations to adjust capitalisation rates. Their problems have been compounded by an increasing awareness of obsolescence. Because of their heavy development programmes in the 1960s and early 1970s the traditional property investment company has a substantial exposure to such property, reflected in asset value growth rates in single figures. The growth rate last year averaged about 5 per cent across the sector and is forecast to be 6.6 per cent in the current year. Coupled with this slowdown in capital growth, profit growth has been kept moving as reverentary potential has been realised. But the absence

of rental growth for office and industrial property in many areas of the country has seen the review cycle unwind. This has forced even investment companies to look more to trading or non-property activities to sustain what historically has been good double-figure growth. Profits have also been regarded as companies have taken on increased borrowings to fund redevelopment or refurbishment programmes. Emerging through this gloom have come the property development companies or the new breed of property investment company not saddled with the burden of a dated portfolio. But, alarming to many property observers, such companies show scant regard to asset backing, concentrating instead primarily on profit generation. As such they are rated on price/earnings multiples rather than on discount to asset value. The development companies—LET, Speynhawk, Arlington, etc.—are exploiting the institutions' recently-discovered desire to commit their property funds to development rather than the acquisition of standing investments. Their rise has been spectacular as their skills of finding sites, planning, funding and developing have been honed in a highly competitive market place. What these companies are implying is that the (long-term)

growth prospects of a property investment are not good enough or certain enough for them to hold on to their developments. They would rather take cash to generate earnings for this year's profits. Then there are the trading companies such as Moundleigh, Claydon, and, to a lesser extent, British Land. These companies are typified partly by an investment and development portfolio and partly by a willingness to acquire sizeable investment portfolios for rationalisation. That means selling what you can as quickly as you can to generate a trading profit and hanging on to any properties which offer profitable redevelopment opportunities. Again, the objective is not to hold the asset, but to generate cash. The problem is whether these types of company and the new breed of property entrepreneur are here to stay in their present form or whether their emergence is a one-off taking advantage of a temporary aberration in the property market. In our view while current conditions persist, we believe that earnings-generating property companies are here to stay. In today's property market overall performance is poor, especially compared with the returns available on gilts and equities. Although selective areas such as the City of London and the M25 motorway are setting good rental growth with firm yields, the very attractions of these areas mean that while overall institutional investment is lower than it has been, its effect on these select areas is disproportionately high. One well-documented example is retail warehousing, which 10 years ago would have been regarded by institutions as sheds with specialised tenants. Now, in a chase to get the best performance in an otherwise dull sector, funds and companies are pushing yields down towards a retail yield rather than an industrial yield. This overall dullness, with the odd sparkling patch, all helps to create the anomalies which earnings companies are exploiting. There are other factors in the market which are helping to create opportunities. Institutions are not just long-term property holders but are now much more active in assessing their portfolios—and acting where necessary. The past few years have seen institutions selling 'single buildings and even whole portfolios at a rate unsurpassed in the history of their involvement. In many cases these properties have been too awkward in their characteristics to justify any other type of action by the fund. For the property company with an imaginative refurbishment, re-leasing scheme or the possibility of buying the building next door such properties can be extremely valuable. Portfolio purchasers have also been very profitable, with such companies as British Land managing to secure substantial discounts for wholesale acquisitions. By applying management expertise to the better properties, value is created while other properties can be sold on quickly to release cash and help finance the purchase. In addition to institutional sales, another source of product for the earnings company has been the property company sector itself. This year has seen a rash of 'bid' companies, principally by other institutions. In the 1970s the institutions were the predator, at a time when the best returns were from buying and holding properties. Nowadays the sleeper traditional company (with often a dated secondary portfolio) is not attractive to institutions. Rather the earnings companies are the buyers. To them such a company provides many attractions and opportunities—intensive management can realise value before a low value but high site cost buildings can be redeveloped, and cash can be rapidly extracted while high yielding properties can be retained to generate base rental income and to service debt. The major factor behind many of these bids is that the earnings

The authors are property analysts at L. Messel.

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THE ARTS

Arts Week
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Theatre

NETHERLANDS
Schouwburg, Circus Theatre. A Chorus Line arrives in Holland after seven years on Broadway (Thu, 058800).
Amsterdam, Stadschouwburg. Golden Gate Actors Ensemble (Fri, Sat, matinee Sun). (24 25 11).

LONDON
La Cage aux Folles (Palladium). George Hearn a welcome star alongside Denis Quilley in the trans-

verse show for all the family. Weak second act, less than vintage Jerry Herman score. The show has not travelled well from Broadway. (437 7373) (CC) 134 8961.
Provincetown, Provincetown. Provincetown 1950s Merry Wives continues in repertoire. (028 8785).
Deliance (Lyric). Tom Stoppard's new version of Schizoid is a crushing disappointment only partly redeemed by Brenda Blethyn as the ruined working girl. A theatricalised tragedy of the work adds to the confusion of middle-aged actors playing boyish dragons in Peter Wood's numbingly respectable production. (928 2322).
Lead Me A Tuner (Globe). Fresh and inventive opera. Stars by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Oello carries on regardless. (437 1825).
When We Are Married (Whitehall). Matchless comic playing from an all star cast in Priestley's comic war-horse about strict wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a

drunked Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (330 7705).
Nelson 02 (Savoy). The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (339 8939).
Starlight Express (Apollo Victoria). Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rousing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods to rock, country and hot gospel. No child is known to have asked for his money back. (334 6194).
42nd Street (Majestic). An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film like *Staircase* and *Off to Buffalo* with the appropriately brash and leggy hoofing by a large chorus line. (377 9230).
A Chorus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (329 6200).
La Cage aux Folles (Palace). With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (377 2626).
I'm Not Rappaport (Booth). The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldest on Central Park benches whoicker uproariously about life past, present and

future, with a funny plot to match. (339 6200).
Big River (O'Neill). Roger Miller's music recaptures this seductively version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (248 0223).
The Mystery of Edwin Drood (Impertant). Rupert Holmes's Tony-winning reconstruction of the unfinished Dickens classic is an ingenious musical with music-hall tones where the audience picks an ending. (239 0200).

CHICAGO
Pump Boys and Dimeos (Apollo Center). Fascinating look at country music and down-home country life with a good host and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (333 6100).

TOKYO
Kosmo and Juliet (in Japanese). An important new production directed by internationally known Kabuki female impersonator, Shunshiro Bando, starring Eiyuichi Sanada and others. Sunshine Theatre, Bishu-cho (067 5281).

Opera and Ballet

LONDON
English National Opera, Coliseum. The new production of *The Mikado* by Jonathan Miller, with Eric Idle as Ko-Ko and a whole troupe of ENO regulars in other roles, has its first preview this week. Also in repertory: revivals of another Miller production, *The Marriage of Figaro*, with Mark Elder conducting and a cast including John Tomlinson, Catherine Fuge, Valerie Masterson, and Joaquin Strametz; and of John Coley's production of *Il trovatore*, weekly restaged by Keith Warner, and with an only fair-to-middling cast whose strongest members are Kenneth Collins and Ann Howard as Manrico and Azucena.

PARIS
Cinderella. Opera sung by children to Peter Maxwell Davies's libretto and conducted by John Barakatt at the Opera Comique, Salle Favart.

WEST GERMANY
Hamburg, Stasoper. Opera house closed for renovations. All performances in Hamburg Musikhalle: Verdi Requiem, conducted by Gerd Albrecht, with Avelina Vazquez, Alicia Nafiz, Dames Gulyas and Kurt

VIENNA
Stasoper (51 444/2855). Die Schwane Maske by Pendergrass, Lucia di Lammermoor conducted by Paul von Kubikowicz, Wotan, Miller, Krass; La Gioconda conducted by Fischer with Martin, Sembrink, Lipovsek; Der Rosenkavalier conducted by Kout with Tomaszewski, Walther, Wise, Lotte Rysanek; Il Trovatore conducted by Barera with Zampieri, Chrasnow.

NEW YORK
New York City Opera (NY State Theatre). The autumn season begins this week with *Madama Butterfly*, the Marriage of Figaro, Faust, Carmen and Norma. Lincoln Center. (870 5600).
Out-of-Towners Series (Dance Theater Workshop). The ninth annual in-personance dance series and performance series features this week *Les Trois Ringierman* from Malibu, New York performing Rampant Stupidity (Wed, Thur), 19th St. w. of 7th Av. (244 0077).

Music

BRUSSELS
Palais des Beaux Arts Augustin Dumery, cello and Jean Philippe Collard piano. Faure Prokofiev, Brahms (Tue); Belgian National Orchestra conducted by Mendi Rodan with Teresa Berganza mezzo-soprano, Berg, de Falla, Montsalvage, Brahms. (Thu).

PARIS
Mark Varnabevsky, Cello, Christine Lacoste, Cello, Michael Wladkowski, Piano; Rachmaninov, Kodaly, Saint-Saens, Nikirovsky (Mon 7pm).
Auditorium des Halles, 5 Rue-Sainte-Denis, Metro les Halles.
Catherine Collard, Piano: One hour with Beethoven (Tue 8.30 pm) Auditorium des Halles.
Orchestra National de France conducted by Marc Andre, Alain Merzier, Cello; Debussy, Orlan, Liszt (Wed 8.30 pm) Unesco, Salle 1, 125 Ave de Suffren.
Neural Orchestra Philharmonique de

Radio France conducted by Marek Janowski, Jorge Bolet, Piano; Liszt, Tchaikovsky (Thu 8.30 pm) Unesco, Salle 1.
All these concerts are part of the Paris Festival Festival, 24-hour information in English (4744800).
Christian Larda, flute; Marie-Claire Jansy, Harp; Mozart, Pargolese, Debussy, Ravel (Tue 9 pm). Saint-Severin Church (46336761).

LONDON
London City Chamber Orchestra conducted by Thomas McIntosh, Busoni, Casse, Elizabeth Hall (Thu). (928 3181).
London Mozart Players conducted by Jane Glover with Rafael Orozco piano. Haydn, Mozart and Robert Schumann. Royal Festival Hall (Wed). (928 3181).
Trio Zingars: Mendelssohn, Brahms and Schubert. Purcell Room (Wed). (928 3181).
London Philharmonic Orchestra conducted by Klaus Tennstedt with Maurizio Pollini, piano. Beethoven; Royal Festival Hall (Thu).
Orchestra of St John's Smith Square

conducted by John Lubbock with Alexander Rattle, cello; Mozart and Tchaikovsky. Queen Elizabeth Hall (Thu).
ITALY
Milan: Teatro alla Scala: Kurt Masur conducting Richard Strauss and Beethoven (Wed and Thur) (80 51 26).
NETHERLANDS
Amsterdam, Concertgebouw. Hubert Soudant conducting the Netherlands Philharmonic, with Bella Davidovich, piano. Schumann, Bruckner (Mon, Tue). The North Holland Philharmonic with a Viennese evening (Wed, Thur). (71 83 45).
The Hague, Concertgebouw. The Netherlands Chamber Orchestra under Antoni Ros-Marina, with Daniel Barenboim, piano. Beethoven, Vortman. Mozart (Mon). (54 80 00).
Maasicht, various churches. 1986 Euro-Festival of religious music. Festival of vocal ensembles. Psalms in the

Reformation (Tue). Stralham Choral conducted by Eric Hermann. Poulens, Messiaen, De Leeuw, Lambrecht (Wed). The Tallis scholars conducted by Peter Phillips. Cleveon non Pops and contemporaries (Thu). (21 33 00).
VIENNA
Paul Moser, piano; Mozart, Chopin, Haydn. Evangelische Kirche (244 686). (Mon).
Karl Rang, organ; Heinrich Bruckner, Franck, Beethoven, Tchaikovsky, Liszt, Schumann. (Tue).
Concertus sinensis conducted by Nikolaus Harnoncourt with Herbert Tachezi, organ, Paul Esswood, countertenor. Beck, Elmsford, Augustinerkirche (588 1870/40). (Wed).
Georges Backes, leader, Frontis Duna, piano, Schubert, Fauré, Williams, Schumann. Bösendorfer Saal. (Thu).

NEW YORK
New York Philharmonic (Avery Fisher Hall). The season opens with Zubin Mehta conducting, Ishak Perlman

violin. Sarasate, Chausson, Havel, Tchaikovsky (Tue); Corigliano, Bartok, Brahms (Thu). Lincoln Center (874 6242).
WASHINGTON
National Symphony (Concert Hall). Mstislav Rostropovich conducting. Arturo Toscanini soprano. Weber, Mozart, Mahler (Tue); Andrew Litton conducting. Richard Stoltzman clarinet. Berlin, Corigliano, Bachmann. (Thu). Kennedy Center (245 8715).
TOKYO
NHK Symphony Orchestra, conducted by Wolfgang Sawallisch. Shrawfsky, Schostakovich. NHK Hall. (Wed, Thur) (465 1730).
The Concertgebouw Orchestra (Amsterdam), Mozart, Bruckner (Wed) Ravel, Debussy, Dvorak (Thu). Herjoud Memorial Hall, Showa Women's College, Solingen. (571 1689).
Fassil Devoyan (piano); Mozart, Chopin, Brahms. Effendi Memorial Hall, Showa Women's College, Solingen. (237 9990).

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Exhibitions

PARIS
What is Modern Sculpture? Rather arbitrarily, the American art critic Margit Rowell answers by exhibiting Rodin and Medall from the 1890-1970 period. Her criterion is a break with tradition, and tin, welded wire, plywood and string are next to sculpture in bronze and marble. There are some splendid works by Picasso and Matisse, Braunschweig and Giacometti. The exhibition continues from the 5th floor to the forum in the basement with Beny and Arte Povera and is usefully accompanied by Centre Georges Pompidou. Ends Tue (27/7/11/12) Ends Oct 13.

Medieval art in Paris: The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on three blackened ruins of Roman baths. Now a museum, it houses medieval works of art, goldsmith's work, carved altarpieces, bronzes, fabrics, with two English royal standards embroidered in gold on red velvet. In a room of its own is a set of the Lady and the Unicorn with five tapestries - an allegory of the five senses, one of the masterpieces of medieval art. Musée de Cluny, 6 Place Paul-Painlevé, Metro Odéon.

LONDON
Hayward Gallery: Dreams of a Summer Night - an exhibition of painting at the turn of the century in the five Nordic countries, organised by the Arts Council and the Nordic

Council of Ministers. It proves to be an important and intriguing exercise in critical reassessment, for many of the painters enjoyed a certain contemporary fame abroad, they were with one great exception all but forgotten in the years after the First World War. Much was that exception, and the chief value of this exhibition, which throws a fresh light on his work, is the demonstration that he was an arbitrary phenomenon in the outside world of a distinctive national and regional character. Ends Oct 8; then Düsseldorf and Paris.

WEST GERMANY
Düsseldorf, Kunstmuseum. Ehrhardt & Otto Pankok (1893-1968). The Pankoks: 60 huge charcoal drawings by the German expressionist covering 1833-94. Ends Oct.

Bonn, Villa Hügel. The chairman of Krupp, Dr Bernhard Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Sir Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years ago on the initiative of the Krupp Foundation. The treasures from the period 1894-1933 of great collectors are on loan from Dresden's state cultural collections. Ends Nov 8.

Nuremberg, Germanisches Nationalmuseum-Germania. I. Nuremberg, from 1300 to 1550. Gothic and Renaissance Art. About 300 main works

of Nuremberg's grandest age. Ends Sept 28.

Munich, Liebenbachs, Liebenstrasse 33. Hommage à Beny: 63 painters exhibit some 100 pictures with 150 late works by Joseph Beny (1921-1986). Ends Sept 28.

Cologne, Wallraf Richard's Museum, Museum Ludwig, Bischofsgartenstrasse 1. The new museum, built by the German architect Busmann and Haberer, will open this week. The facilities for the museum came from Peter Ludwig, one of the leading German collectors of Modern Art, who has donated about 300 pieces. The museum will be French, German and American painting, including abstract art after 1945, and pop art. Also German art from the 60s to the present. Ends Nov 30.

BRUSSELS
Ghent, Chateau d'Anin, 51 private artists showing in 51 private houses. Tickets, map etc from Modern Art - Museum, Ghent (091/211703). Ends Sept 21.

When the festival for the museum opens posters through the two world wars. Musée Royal d'Art et d'Histoire. Ends Oct 12.

ITALY
Venice, Palazzo Grassi: Futurism and Futurism: Flat opens its art centre on the Grand Canal. The largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exhibit tech-

Continued on Page 17

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Interim report for the six months ended 30 June 1986

Financial results

The unaudited results for the 6 months ended 30 June 1986 are reflected below, together with the comparative results for the 6 months ended 30 June 1985 and the audited results for the 12 months ended 31 December 1985.

	6 months ended 30.06.86	6 months ended 30.06.85	12 months ended 31.12.85
Income statement	R'000	R'000	R'000
Income			
Interest received	18,626	43,574	77,130
Royalty	19,492	25	20,043
Dividend	3,961	-	5,637
Less: Interest paid and sundry costs	42,879	43,599	102,810
Income/(loss) before taxation	18,411	43,622	78,529
Taxation	23,618	(23)	24,281
Income/(loss) after taxation	9,228	43,645	54,248
Retained income at beginning of period	13,790	(23)	15,001
Retained income at end of period	2,572	142	142
Distributable income	14,182	119	15,143
Dividend paid	12,750	-	12,750
Retained income at end of period	3,432	119	2,393
Balance Sheet			
Capital employed			
Shareholders' loans	131,461	131,386	131,466
Retained income	3,432	119	2,393
Shareholders' loans	159,281	137,246	211,740
Long-term loans	294,175	494,368	345,599
Employment of capital			
Fixed assets	77,843	77,843	77,843
Loan to Buffelsfontein Gold Mining Company Limited	233,776	430,382	268,569
Net current liabilities	311,419	508,225	346,412
Current assets	17,444	23,857	813
Current liabilities	36,327	4,530	103,202
	294,175	484,368	345,599

REMARKS

Fixed Assets

Fixed assets consist mainly of the investment in preference shares of Buffelsfontein Gold Mining Company Limited (Buffels), which entitles the company to an 84% participation in the distributable profits derived from the Beatrix mine, which is operated by Buffels. The eventual amount of the investment in Buffels preference shares is yet to be determined on the basis of that portion of Buffels' indebtedness on loan account, which will eventually not be settled by cash repayments. It is expected that final determination of the amount of such cash repayments, and thus of the final amount of the investment in the preference shares, will be effected during 1987. Such additional preference shares will, however, not in any way affect the company's existing participation entitlement in the profits derived from the Beatrix mine.

Loans

The amount reflected as being owed by Buffelsfontein loan account thus includes the at present unspecified portion referred to above.

The loans which are owed by the company include liabilities in foreign currencies of R146.0 million which is fully covered, in terms of forward cover contracts, against exchange rate fluctuations.

Dividend

A dividend of 15 cents per share was declared on 5 June 1986 payable to members registered as at the close of business on 20 June 1986. Dividend warrants were posted on 8 August 1986.

On behalf of the board:
S. P. Ellis
C. R. Netscher
Directors

Johannesburg
12 September 1986

Registered Office:
6 Holland Street
Johannesburg

The Interim Report will be sent to shareholders on or about 17 September, 1986 after which date copies will be available at the London office, 30 Ely Place, London EC1N 6UA

THE ARTS

Cinema/Ann Totterdell

Behind the joy lurks a fear just as great

Betty Blue directed by Jean-Jacques Beineix
The Decline of the American Empire directed by Denys Arcand
Sweet Liberty directed by Alan Alda
The Fringe Dwellers directed by Bruce Beresford
At Close Range directed by James Foley
Day of the Dead directed by George A. Romero
Invaders from Mars directed by Tobe Hooper

There is a rage to Jean-Jacques Beineix's new film Betty Blue that we have not seen before. Maybe it is a reaction to the way the world has treated him: adulation for his first gorgeous ragbag of a film, Diva, rejection after the stylistic stop-watching experimentation of The Moon in the Gutter. Or maybe he has simply learned a little more about life. What matters is that Beineix is back with a bang as a film alive from the moment it starts, with all the old Beineix vitality and playfulness channelled into a work of maturity and heart.

His new heroine is a young French girl who breezes into the life of Zorg, a repairman and closet novelist. From the moment she realises the talent of her lethargic lover she cannot rest. To put fire under him she literally rases his home to the ground, forcing him to move to Paris and the acclaim she is convinced will be his there. Life in Paris cannot possibly fulfil Zorg's expectations, indeed it does not even fulfil Zorg's publishers' hopes as on his book and the acclaim she finds themselves working in a pizza restaurant until Betty attacks a nagging customer.

On they move to a country town, there to run a piano store, still pursued by repressed slips and inflamed by Betty's hunger for life.

For Betty, life is an adventure where you never look back, perhaps because you know that behind the joy lurks a fear just as great. It takes only one crushing disappointment to turn things round, shifting the film into the dark gear it has been hinting at between smiles.

Sexy, funny, stimulating, exciting and sad, Betty Blue

propels us along at a strong, untroubled pace. Behind all that exuberance and wit (preserved in excellent subtitles) is a calm inner core that makes it a tremendously assured piece of film-making. Beineix's images seem to glow with his pleasure in his subject. He creates touchingly memorable moments — a clumsy, gentle embrace in the country where Zorg produces a lighted birthday cake from the boot of his car — but moments of comedy linger too: Zorg and a friend drunk and helpless as they laugh at their policeman suddenly bursting into a sentimental lullaby; Zorg and Betty contemplating the task of painting 500 bungalows alone.

Beineix has found the perfect Betty in newcomer Beatrice Dalle, a gangly beauty with a lascivious mouth and irrepressible energy. She is nicely coupled with the mellow actor, tance of Jean-Hugues Anglade (the roller-skating thief in Luc Besson's Subway) as Zorg. The couple's differences are interestingly mirrored in the other couples they meet — the sassy pizza house proprietor and his saner girlfriend, the humdrum grocer and his nymphomaniac wife — even the volatile staging policeman and his philosophical partner.

The world is not big enough to contain too many people like Betty, but everyone should have someone like her in their lives — at least for a little while. Betty Blue is the sort of film that restores your faith in the cinema and makes you despair all over again that English language movie makers will ever be as comfortable dealing with sex as the Europeans. A film that falls interestingly between the two worlds is The Decline of the American Empire, a French-Canadian production made in French but with characters geographically and emotionally closer to North America than Europe.

Only metaphorically concerned with the collapse of civilisation, the film is a wryly amusing reflection of sexual attitudes the men discuss among themselves elsewhere, their wives and mistresses do the same. Not surprisingly they do not quite dovetail. Together they find it easier to discuss the sex of the college where they all teach or study — until one of them calmly demolishes their illusions.

Denys Arcand's direction may lack sparkle, and subtitles may



Jean-Hugues Anglade and Beatrice Dalle in "Betty Blue"

be a disadvantage in such a dialogue-heavy film, but this is a surprisingly absorbing piece. A lighter view of academics and sex is revealed in Sweet Liberty, a romantic comedy starring its writer and director, Alan Alda. Alda plays Michael Burgess, a history professor who has written a popular account of the American Revolution about to be filmed in his home town. The effect on his book into an historical romp, the seduction of his girlfriend, and his own seduction by the film's female lead (Michelle Pfeiffer), leaves its mark on Michael — though he also succeeds in leaving his mark on the film.

tures are the main cause of the professor's discontent. Like Jean-Jacques Beineix, director Bruce Beresford has had his share of praise and condemnation. Beresford's most successful film, Tender Mercies and King David, the latter an epic bore that has sent him home to Australia to touch cultural bases.

His latest film, The Fringe Dwellers, is modest in scope and budget. It concerns the Comeaways, an aborigine family living a deprived but familiar life in a shanty town who are persuaded to rent a house on a new estate by their ambitious daughter Talley.

For Talley it is a move to live with dignity and independence; for most of the family it is more like an exile. In showing the family's encounter with white authority and patronage Beresford himself seems unable to avoid showing them in a slightly patronising light. Though their attitudes are less people. If the petty restraints of modern life — remembering to pay the rent — are beyond people like the Comeaways it is the fault of the white community which gives them no pride or status in the land that was originally theirs. The aborigines may not be as seriously threatened as the Comeaways in South Africa but their condition is similarly hopeless: Second class citizens not considered worth educating, nor employing in anything other than menial, unrewarding jobs. Though their attitudes are less people, it is not only the restraints of modern life that Beresford should be expressing, but rage at their own lack of anger.

Ironically demonstrating that at least a handful of aborigines can find interesting work, the excellent cast is almost exclusively aborigine, with an outstanding performance by Justine Saunders as the loving, though their attitudes are less people, it is not only the restraints of modern life that Beresford should be expressing, but rage at their own lack of anger.

Deprivation in a comparatively affluent society is a subject that fascinates director James Foley in an extraordinary, true story of a criminal who took out a contract on his own son when he realised the boy might turn state's evidence against him. At Close Range is a fictionalised treatment which casts Sean Penn as the underprivileged kid, at first seduced by his

father's (Christopher Walken) anarchic attitude to property, swiftly realising that the charm hides a ruthless killer. The story dwells on his own temptation to make some easy money, and the growing distaste and fear that tests his instinctive loyalty. Set against some ravishing scenery (Tennessee masquerading as Pennsylvania) the film has a gritty atmosphere and deals with some powerful conflicts.

Its consistently bleak approach defeats it in the end. Made all on one emotional level — even the romance is gloomy — the timeless themes turn out to be hard moral issues made esoteric.

Cult director George A. Romero is definitely an acquired taste. His latest film Day of the Dead has a handful of scientists and soldiers uneasily inhabiting a suburban manor in a world overrun with zombies who fuel themselves with living flesh. The stability of the humans to unite even in the face of such an overwhelming threat is a social comment of some kind, as are endless scenes of ripping bodies and spilling guts. Some people find this sort of violence cathartic. Others will spend more time looking at the lines than the scenes. A tribute — of sorts — to Tom Savini's horrifyingly good special effects.

More great special effects are wasted for different reasons in Invaders from Mars. This remake of a 1953 pot boiler starts with a small boy, David (Hunter-Carson of Paris, Texas), as the sole witness of a UFO landing. Soon his parents start acting strangely. Could they be in the control of whatever alien is landed? Is anyone going to listen to him?

The film may have the honour of lacking in Day of the Dead, but the superb Martian creatures and their habitat are lost on a rather mechanical story. The biggest surprise comes out of the alien, who are not the friendly curious visitors which director Tobe Hooper's former association with Steven Spielberg might suggest. Hooper directed "Poltergeist" — "Can you just talk to them?" David pleads at one point. Luckily for him, no one is listening. It went home long ago and, like the bugs in Aliens, sent just another bunch of Libyans to Cowboy America. In 1986 as in 1953 the motto is shoot first, ask questions later.



Jeremy Irons

Richard II/RSC, Stratford

Michael Coveney

Just as Antony Sher's Richard III was set in an emblematic medieval cathedral, so Jeremy Irons' Richard II is contained to far less daunting a set, in an emblematic medieval castle, ivy trailing across the walls to convey the notion of the garden of England. The designer for both shows, William Dudley, has added here an element of enchantment. The sun-baked parapets and turrets are scaled down to human height, the rise and fall of the houses of York and Lancaster represented in the decorated ecclesiastical thrones which slide up and down stage.

The steady blue sky contains a sodical arch. The costumes are laundered and picturesque. This is the Shakespeare history play as a pretty pageant, the sort of occasion rendered superfluous by the RSC's own treatment of history cycles since the wars of the Roses. A breakthrough, John of Gaunt's lament for a leased-out England, not a concept totally foreign to a contemporary audience, sounds like a lecture to small boys who have messed up his toy cupboard. Queen Isabel's dreadful French accent is dropped by Imogen Stubbs the minute her husband is on his way to prison. Why? Michael Kitchen, Bolingbroke, without the long haul of Henry IV ahead, can create a sly, faintly psychotic villain, but suggests little of the viciousness of Bolingbroke with his own instinct for deferential vulnerability.

Apart from Mr Kitchen, and the outrageous Mowbray of Richard Moore positively exploding at the treacherous accusations, you do not understand why the characters behave as they do. The Aumerle plot against Bolingbroke, as played desperately for laughs before meaning, Bernard Horsfall's dithering Duke of York is a reasonably convincing performance until he is suddenly buried in a welter of tired comic business as he and his wife go skidding on their knees before Bolingbroke.

The sense of a nation on the decline as rebels muster in the north and descend to Gloucestershire goes missing in the fixed setting. One is not asking for cinematic naturalism, but unless the play is treated as a documentary tragedy in a nation on the skids, one loses much of the poetry that is its heart. There are some jaunty anthers and chanson snippets composed by Stephen Oliver, but they are curiously dislocated from the action. Among a lacklustre supporting cast — Brewster Mason makes a fluffy meal of Gaunt, and there are some grotesque minor contributions — I note a sturdily impressive Hotspur from Nathaniel Parker who could obviously progress quite happily into the Henry plays.

As so often in self-conscious productions, the spirit of coarse theatre hovers dangerously in the wings. My favourite manifestations of Wednesday were York's catching of a sleeve on a door handle as he strode righteously towards Bolingbroke, and Lord Fitzwater's cool negotiation of a deposit in a well-chosen, if a little over-the-top, gesture as he lifted a leg very much too high over a bevy of gloves without, most deliberately, looking down.

BBC Symphony/Albert Hall

Richard Fairman

The last night of the Proms is only a day away. This year's ringmaster will be Raymond Leppard, taking the spotlight for the first time and promising to control the crowd in the arena with the best wiles of a Cambridge lecturer. For Wednesday's concert, however, no such skills were needed. Leppard was in charge of a comparatively sober programme, its highlight being four of Duparc's most exquisite and beautiful songs, sung with orchestra. The composer arranged these himself and made a marvellous job.

With the conductor considerably keeping the orchestra down, Felicity Lott was able to make sure that all the words were clear. Her limpid and sensual soprano is almost ideal for this music. Duparc's "L'invitation au voyage" becomes hard to resist when its temptations are described with this kind of vocal beauty. If only she could find a greater variety of tone colour and intensity, the full measure of these pieces would be hers to perfection.

Venice Film Festival shows assorted follies and chinkers

Just because you are feeling paranoid, goes the saying, it does not mean people are not out to get you. Those who survived the 43rd Venice Film Festival ended up feeling like characters from I Am A Fugitive From A Chain Gang. Though they all had to wear badges indicating a class of prisoner: blue for daily critics, gold for periodical and so on, the shortage of venues meant that many were still denied screenings they should have been allowed to see.

Others again were crushed against crash barriers or harried by officials obsessed with observing every item of spurious red tape. One distinguished French critic was chased down an aisle by a martinet doorman who thought he had the wrong badge. (He did not "Carabinieri", cried the doorman, in a vain attempt to summon police assistance, and just to round things off, a large proportion of the films were not worth seeing anyway.

val president. Under him the event has gone from bad to worse. Venice that hailed itself out of the doldrums six years ago, after a decade of under-funding and near-collapse, is now moving back towards the doldrums. It should not be that easy to dismiss the Venice Film Festival as a wonderful Italian festival for a film festival. Italian enthusiasm for cinema is a perfect fuel to assist take-it-and-provide staying power, and the festival's timing at the far end of the season from Cannes, allows it virtually a free hand in seeking the best late-year films.

This year's free hand, however, seized an assortment of follies and chinkers. By what possible criterion does Venice select films like Finland's Linné (Kari's The Castle with cycles in Ken Russell), Jacques Dilloux's La Puritaine (pretentious truth games between theatre director Michel Piccoli and prodigal daughter Sandrine Bonnaire), Henning Carlsen's The Wolf and The Door (Donald Sutherland plays Gauguin and

speaks in a voice like burnt-out sandpaper. (He makes Louis Armstrong sound like John Gielgud.) Tavernier gives his hero a great many smoky jazz numbers — Gordon is a real saxophonist — and he also gives him a young French acolyte (François Cluzet), who begins as besotted idolater and ends as nurse, friend and confidant. The film is sad, affectionate and dazily lyrical. It also has the muscles of real tragedy. All the more impressive for being felt but not ostentatiously flexed. Argentina's Miss Mary, shown out of competition, is directed and co-written by 60-year-old Maria Luisa Bemberg, who did not direct a feature film before this decade. This, her fourth, is an upper-class black comedy of immense grace and wit. Julie Christie is English governess to two ungenerous sisters living in an Argentinian mansion in the war years. Dad is a roving-eyed lecher, mum strikes tragic poses at the piano and sometimes plays it. The girls hit puberty with an obstruc-

perous thud, and occasionally there is a picnic, a shooting attempt or a conversation about the war. If you mixed Heartbreak House with The Discreet Charm of the Bourgeoisies, you might approach the right favour. Though the film is a society in which even in time of apocalypse you still dress for dinner. If there were a golden dachshund awarded at Venice for the longest movie with the shortest likely box office legs, it would have to be shared between The Angelopolis of O Melissomoros and Luigi Cozzani's Le Strani. The latter is a 140-minute parable about the old and new Greece, with Marcello Mastroianni as an ageing beekeeper stung into political activity (Nadia Mourouzi) effortlessly self-important and laborious. The second is a lame attempt at a short Italian Heimat: a four-hour TV mini-series — reportedly done for shortened television release — in which Claudia Cardinale trudges through World War 2 and all its accreted movie clichés. (We even have the scene of the taken US soldier handing chocolate bars to the token Italian.)

The Golden Lion for best film, widely expected to place its paw on Tavernier's movie, went to another French offering: Eric Rohmer's enjoyable if hardly momentous Le Rayon Vert which I reviewed last week. The runner-up special jury prize was sliced in half, shared between Russia's The Wild Dove, a sort of Soviet war movie, and Italy's Storia d'Amore, a tale of love and madness, dramatically striking but visually banal.

The Italian film's fine leading lady, Valera Golino went on to win the prize, the only fully deserved award on the list. In short, Venezia XLVIII came in like a lamb and went out like a lost sheep. Perhaps it will get its act together in 1987.

Nigel Andrews

Continued from Page 16

nology, and to try to convey speed on canvas. More than 300 works have been lent. Ends Oct 12.

NETHERLANDS Eindhoven, Van Abbe Museum. Currently drawing a record number of visitors to the 50th anniversary Eye exhibition of its centennial collection. The 1,500 works read like a roll-call of modern art, from Chagall, Kandinsky, Braque and Picasso to Klein, LeWitt, Beuys and Kiefer. Ends Nov 9.

SWITZERLAND Lugano: Villa Favariz. Goya in Private Spanish Collection: 50 paintings by Goya, normally impossible to see and which have never travelled before. The exhibition is organised by Baron Thyssen and the Spanish Minister of Arts. Among them is the portrait of the Countess of Chinchón, considered the best of Goya's paintings of women. Ends Oct 18.

SPAIN Madrid, Prado Museum. French, Spanish and Italian paintings of the 18th century. This exhibition from the Prado collection includes works not seen for 15-30 years as well as recent acquisitions. Tiepolo, Buren, Macia, Paret, Juan Bautista, Mengs, Palaco de Villahermosa, Plaza de las Cortes 6. Ends Sept 30.

NEW YORK Metropolitan Museum of Art: 40 Impressionist and early modern paintings from the Hermitage in Leningrad and the Pushkin Museum in Moscow include works by Hiss, Matisse and Chagall rarely seen in the West. Ends Oct 1.

covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15. Museum of Modern Art: Vienna 1900, including 700 paintings, designs and objects, architecture and ceramics, with the Successionists like Klimt and his Golden Style, as well as Kokoschka and Schiele in a comprehensive exhibit that illuminates the birth of modernism. Ends Oct 21.

Copper Hewitt Museum: Hollywood, Legend and Reality celebrates the history of America's greatest popular culture in all its excesses and intricacies through the various crafts like production, direction, editing and special effects. Ends Oct 25.

WASHINGTON National Gallery: Vietnamese Renaissance sculpture from the Kunsthistorisches Museum includes work by Beneditto di Giovanni, Andrea Briosco, and Alessandro Vittoria. Ends Nov 30.

Hiroshige Museum: More than 130 paintings, sculptures and drawings from a 1,300 donation by the museum's founder Joseph H. Hirshhorn on his death go on view with works by major contemporary artists including Ilya Kooling, Arata Isozaki and Shigeo Fukuda and Henry Moore. Ends Nov 18.

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Hard choices for Airbus

THE BREAKDOWN of talks between McDonnell Douglas of the US and Airbus Industrie about collaborating on development of a new generation of long-range airliners obliges the European consortium and its government shareholders to face up to some tough decisions on the future of the Airbus programme.

In theory, the idea of forming a common front to attack a highly profitable sector of the market dominated by Boeing of the US is appealing to both McDonnell Douglas and Airbus. In practice, the talks seem to have foundered on the refusal by either manufacturer to sacrifice its own project.

European governments will presumably face renewed demands for the several billion dollars needed to fund the Airbus' simultaneous development of its planned A340 long-range airliner and A390 short-to-medium haul model. There is a danger that, in the process, the political bindings together Europe's most successful exercise in industrial collaboration may be strained to breaking point.

Of the consortium's three major shareholders West Germany is, unusually, the most enthusiastic about coming up with the extra cash. This is partly due to the strong interest expressed by the German national airline, in the A-340, probably more important is Bonn's interest in using the Airbus project as a vehicle to strengthen West Germany's industrial capacity in both commercial and military aircraft.

Profit margins

Though the French Government faces acute budgetary pressures, national pride and the need to preserve jobs at the Airbus assembly plant in Toulouse will probably mean that the money will be found. However, the British Government has indicated that it is prepared to put up only part of the \$500m which British Aerospace says it needs to develop the wings for the A330/340.

Unless BAe could raise the rest of the money privately—which appears doubtful—it would have to surrender the wing contract to another manufacturer, though it is high time that they sought to iron out their differences directly and assert their prerogatives as shareholders.

Acid test for environmentalists

YESTERDAY'S announcement by the British Government that action was to be taken against industrial sulphur emissions is long overdue but none the less welcome for that. Since the Industrial Revolution the atmosphere has steadily worsened and as winds sweep them away across frontiers one man's productivity has become another man's dear loss. British pollution upsets the equilibrium of Scandinavian nature, West German emissions find their way by air and water to foul East blue rivers and forests, the outpouring from the US have a deleterious effect on Canada's magnificent natural environment.

Nobody escapes. Some East bloc countries are themselves among the worst polluters; enormous swathes of West Germany's forests have died; Britain has suffered the effects of industrial pollution for decades as evidenced by the crumbling historic buildings and by the gradual sterilisation of many fresh waters.

Wind and rain know no political borders. This puts the problem firmly in the category where international co-operation and discipline would work to the common good irrespective of any other antagonisms.

Friendly gesture

It is regrettable, therefore, that so little has been done over the decades to counter pollution and particularly unfortunate that those countries, such as Britain, which were at the forefront of industrial progress, became so unresponsive to the plea for counter environmental pollution, particularly during the 1970s when the problem was at its worst. It has not always been so—the British smokeless urban zones and smokeless fuel policies, for example, quickly eradicated the suffocating post-war smogs.

However, in recent times the Thames has been dead and has started to recognise the mounting political force behind environmental issues and has stopped sheltering behind the conflicts over scientific evidence about, for example, the constituents of acid rain and

to compete successfully with Boeing for orders, it needs to be able to offer a "family" of aircraft.

That Airbus needs to expand its range to remain competitive is indisputable. However, its strategy of going head-to-head with Boeing in the long-range airliner market entails huge commercial risks, which will be all the greater if McDonnell Douglas presses ahead with its rival MD-11 project.

Because the MD-11 will be based on the existing DC-10 airframe, development time should be relatively short: it may well be available before 1990. Though Boeing has no direct competitor yet for the A340, it could also move rapidly to develop a derivative of its 747 series. Moreover, Boeing's generous profit margins at the Airbus' simultaneous development of its planned A340 long-range airliner and A390 short-to-medium haul model. There is a danger that, in the process, the political bindings together Europe's most successful exercise in industrial collaboration may be strained to breaking point.

Independent force

The A340, by contrast, will have to be developed from scratch and is unlikely to be available before 1992 at the earliest. The benefits of standardising components on the A330 and A340 also remain to be proven. Some industry experts believe the cost savings will be much smaller than Airbus had initially claimed and argue that the approach could result in unhappy design compromises on both aircraft.

Airbus Industrie insists that many airlines will be prepared to wait for the A340. However, there is an equally large risk that it will be the last entrant into a fiercely competitive market which has only room for two participants.

The sensible course is for Airbus Industrie to offer to drop the A340 and to concentrate on the MD-11. It should invite McDonnell Douglas to co-operate on the A330, which would neatly fill the gap in the US manufacturer's range. Such a collaboration would be commercially far more realistic than Airbus Industrie's grand ambitions to become an independent force.

That would, of course, require the support of the programme's government backers. Until now, they have tended to sit back, allowing Airbus Industrie a free rein in negotiations with McDonnell Douglas. It is high time that they sought to iron out their differences directly and assert their prerogatives as shareholders.

UPHEAVAL AT CBS

Paley's cigar shop back in business

By William Hall in New York

DAN RATHER, America's best known TV news anchorman, had just 23 seconds left on last Wednesday's prime time CBS evening news programme when he broke the surprise news to the 17m American watching, that he had got a new boss.

Mr Thomas Wyman, the embattled 56-year-old chairman and chief executive, had quit after losing a power struggle with Mr William Paley, the 84-year-old founder of CBS, and Mr Larry Tisch, the Wall Street financier and biggest shareholder in CBS. The 63-year-old Mr Tisch, who heads Loews Corporation, a 96m conglomerate, has taken over as acting chief executive, and Mr Paley, who has been described as the father of modern broadcasting, has been brought out of retirement to be the acting chairman.

The announcement came after a marathon board meeting at CBS' "Black Rock" headquarters in Manhattan and is a climax to almost two years of upheaval at what was until recently America's premier TV network. "What we have here tonight is the latest chapter in an ongoing saga of intrigue, big money and corporate politics, the stuff that TV dramas are made of", was how one New York magazine in New York summed up the outcome of Wednesday's 94 hour CBS board meeting.

On Wall Street, where analysts have estimated that CBS shares would be worth between \$200 and \$300 in any takeover battle, the initial reaction to the news of the boardroom coup was less than enthusiastic. CBS shares fell by \$3 on Wednesday, and Mr Joseph Fuchs, a analyst with Kidder Peabody, says that there is a "definite downside risk near term" if speculators seek to unload their positions now that CBS is no longer a prime takeover target. Mr Fuchs and Mr Paley, who together control one-third of CBS' shares, stress that they are intent on keeping the company independent and will step down as soon as a suitable successor to Mr Wyman is found.

However, news that the escalating power struggle within CBS had finally been settled was welcomed both within CBS itself, where several senior executives have been highly critical of the management, and in the rest of the broadcasting industry, which has watched

with concern the steady blurring of entertainment and news judgment by a network which produced legendary newsmen like Edward R. Murrow and Walter Cronkite, who still sits on CBS' board of directors.

Mike Wallace, a veteran presenter of CBS' famous "60 minutes" weekly news programme said everyone welcomes having "the man who built the thing in the first place back in charge" and Mr Morley Safer, another CBS correspondent, said "the signal to us in the trenches is that we are going to do business as we once did. It is a very classy and thoughtful way".

The turmoil at CBS is the most dramatic evidence to date of the upheaval in the US broadcasting industry. A combination of fierce competition from new broadcast mediums such as cable TV and the video-cassette-recorder, a weakening advertising market and the growing importance of independent US TV stations which do not owe allegiance to the big three TV networks has taken a severe toll on the US TV broadcasting majors.

Advertising revenues, the life blood of network TV which had been growing steadily for years, fell by 2.6 per cent last year, reflecting the slowdown in the US economy and the growing competition from rival advertising mediums. For the first time since the late 1960s, when the big three TV networks could deliver their advertisers 90 per cent of all US homes at prime viewing times, today, the percentage has dropped to 75 per cent and is falling.

The big US TV networks have always been renowned for their large staffs and rather generous life style and the tougher environment in which they operate has forced them to take a much closer look at their overheads costs, and staff layoffs are no longer uncommon. At the same time, the merger wave in corporate America has swept into the broadcasting industry as investors sensed that despite the industry's problems there was considerable hidden value in US TV networks.

Last year, Capital Cities Communications, a fast growing

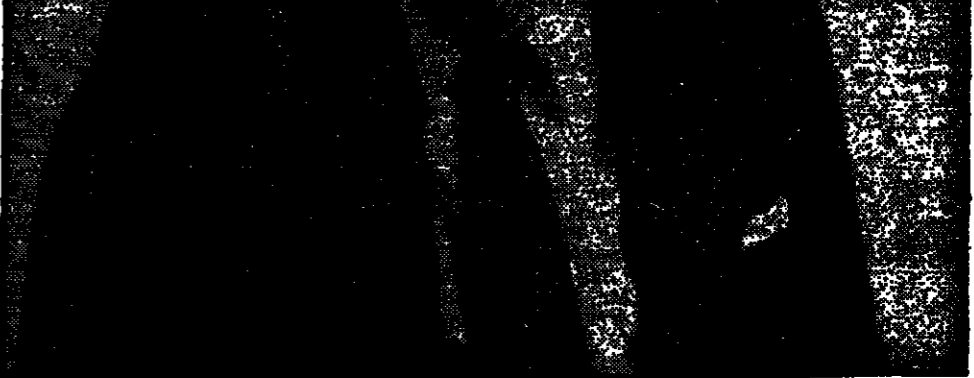
broadcasting group, bought ABC, the number three network, for \$3.5bn and installed one of its own men to run a more cost-conscious network. Then this year General Electric bought RCA for \$6.8bn and in so doing acquired NBC, currently the most successful of the big three.

In many respects CBS is the most vulnerable of the three networks. For years it dominated the US TV networks with long running shows like Gunsmoke, Mash and the Ed Sullivan Show, but CBS has now been overtaken in the prime time TV rating war by the more recent NBC and is now stuck in second place ahead of ABC which is working hard to restore its fortunes under its new management team.

Its long-aimed news department has lost its dominance in the industry and the group recently cancelled its morning news programme after changing anchor persons, it seems to view, more times than the New York Yankees have changed managers. The turmoil at CBS has been heightened by well publicised tales of dissension among some of its most famous correspondents.

Earlier this week, Newsweek magazine published a cover story titled Civil War at CBS which depicted the company as a financially ailing, demoralised organisation churning with dissension. The magazine included a hard-hitting interview with Mr Bill Moyers, a respected veteran commentator who has handed in his resignation after decrying the steady decline in CBS' news standards. "Pretty soon, tax policy had to compete with stories about three-legged sheep, and there were periods when I thought the British Royal Family had signed on as correspondents, so frequent were their appearances", said Mr Moyers, who believes that CBS was guilty of trying to "titillate instead of illuminate".

The Newsweek story, which included a report that CBS had approached Philip Morris and Westinghouse Electric to see if they were interested in purchasing the company, is the climax to months of speculation about CBS' future. Its problems have been well publicised and several corporate predators have been



William Paley, the 84-year-old founder

circling the group since early 1985. The first sign that CBS was in serious trouble came early last year when Mr Jesse Helms, a right-wing senator from North Carolina led an attempt to seek control of the company and end the alleged liberal bias of CBS's news division. Mr Helms wanted his conservative followers to buy enough shares in CBS so that they could become Dan Rather's boss. The campaign flopped, but on Wall Street the arbitrageurs sensed that the company was "in play" which was confirmed some months later when Mr Ted Turner, the entrepreneurial Atlanta TV magnate, launched a "junk" bond financed takeover for CBS which stunned the broadcasting establishment.

"I think they are programming irresponsibly and morally tearing the country down", said Mr Turner who argued that the liberal-minded presidents of the big three US TV networks were guilty of treason. Although many people found it hard to take Mr Turner and his bid seriously, the move unsettled CBS and forced it to take steps which ultimately led to Mr Wyman's downfall.

In July the company announced a massive recapitalisation plan under which CBS bought back over one-fifth of its shares at a discount, being with debt. While this helped defeat Mr Turner it made CBS more financially vulnerable at a time when the revenues of its major business were slipping.

Shortly after, CBS announced its recapitalisation plan last summer, Mr Wyman approached Loews Corporation, a sprawling conglomerate controlled by

Mr Larry Tisch and his brother Bob to seek help in defeating Mr Turner. Loews had soon acquired a near 10 per cent stake and indicated that it wanted to buy up to 25 per cent of CBS.

After some hiccups in his early investment career, Mr Larry Tisch is now regarded as one of the most cunning investors on Wall Street. At CBS he was seen initially as a friendly investor whose presence would prevent further hostile takeover bids and enable Mr Wyman to restore calm in the CBS board.

However, the honeymoon between Mr Tisch and Mr Wyman was short-lived and soon Wall Street was swirling with rumours that Mr Tisch wanted to make some changes. Mr Wyman appeared to be taking the necessary steps—such as instigating surprisingly tough staff cuts—to restore CBS's fortunes, they said to quell the rumours about CBS' internal strife and it appears that Mr Tisch and Mr William Paley became increasingly concerned about the lack of leadership at the top of the company. It was this which came to a head at Wednesday's board meeting.

Mr Wyman was the third president of CBS in four years when he took office in 1980 and although he was backed by Mr Paley as his successor, Mr Paley has continued to wield surprising influence. CBS is sometimes jokingly called "Bill Paley's cigar store," a reference

to Mr Paley's beginnings as a cigar merchant who bought CBS, a struggling network of small radio stations, in 1928.

Under Paley, who did not step down as chairman until 1980, CBS grew into the most successful of the big US TV networks. Mr David Halberstam in his book "The Powers That Be", says that for 50 years Paley was "the supreme figure of modern broadcasting, first in radio, then in television."

"For almost 50 years he had swum in waters with some of capitalism's greatest sharks and there were no tooth marks on him. He was tough and shrewd, and he survived and endured, creating with his desire and ambitions the modern structure of broadcasting with its brutal ratings system and its unparalleled profits," says Halberstam, who calls him a "genius at mass entertainment."

"This is the man who is two weeks away from his 85th birthday, the chief executive of the shadows to help rebuild America's most prestigious broadcasting company. Despite this age, broadcasting industry analysts expect that Mr Paley will play an active role in CBS in the months ahead until a new chief executive is appointed."

Among the names which are being canvassed are those of Mr Grant Tinker, who was responsible for building NBC into the number one network, and has just quit in order to return to movie-making and Mr Robert Day, the chief executive of Warner Brothers and a former senior CBS executive.

While Wall Street is marveling at the age with which Mr Paley returned to power, there are serious questions whether Mr Paley's talents which were so successful 40 years ago are particularly applicable to today's broadcasting world. Meanwhile, Wall Street is also wondering how Mr Tisch will measure up to the task. He says that he intends to "maintain the traditions and spirit of this company as established and nurtured by William S. Paley." However, many analysts believe that Mr Tisch has realised a long-held ambition to take effective control of a major TV network without having to pay a vastly inflated premium.

CBS: THE STORY SO FAR

June 2 1980—Thomas Wyman becomes president and chief executive of CBS, making him the third president in four years.
April 1982—William Paley gives up title of chairman to Thomas Wyman.
January 1985—Sen Jesse Helms organises "fairness in media" group in an attempt to exert some editorial control over the CBS news.
April 18 1985—Ted Turner announces a takeover bid worth \$2.4bn for 67 per cent of CBS. CBS rejects bid.
July 1 1985—CBS announces recapitalisation plan valued at \$954.2m, to buy back 21 per cent of its stock.

July 28 1985—Mr Laurence Tisch, chairman of Loews Corp. buys 9.9 per cent of CBS common stock.
October 1985—Mr Tisch increases stake to 25 per cent and is invited to join the CBS board.
March 25 1986—Marvin Davis, DeSoto Oil man and former owner of Twentieth Century Fox, offers to buy CBS for \$4.75bn, in cash. He is turned down.
September 10 1986—Mr Wyman resigns as chairman and CEO of CBS. Mr Tisch becomes chief executive and Mr Paley resumes acting chairmanship.

AND THE PROFITS

Year	Revenue (\$m)	Operating profits (\$m)
1980	1,700	267
1981	1,811	216
1982	2,162	270
1983	2,394	291
1984	2,729	484
1985	2,754	364
6 mths 1986	1,437	184

Ple in the SDP sky

ON THE eve of the SDP conference, the Alliance of Reformers, their semi-official New Democrat magazine—has given a number of hostages to fortune.

In what is intended as a spoof it sets out a possible right down to ministers of state. The snag is that the Alliance has only 17 MPs and the government has 98 ministers and whips in the Commons and a further 15 to 19 in the Lords.

So the magazine has had to indulge in some imaginative padding while carefully balancing the susceptibilities of the SDP and the Liberals. For a start it begs the question on who will be Prime Minister. The names of David Steel and David Owen are pencilled in with the loser becoming Foreign Secretary and Deputy Prime Minister.

But the fun starts lower down the ladder. Roy Jenkins would return to the office of Chancellor which he last held in 1970. The Chief Secretary would be Richard Wainwright, even

Men and Matters

though he is retiring from the Commons. The other Treasury ministers would include one financial journalist (one of two) and one Conservative, now resident in the Channel Islands, heading for glory) and one economic analyst.

It is a similar story in other departments. John Ashworth, I've been inhibited from taking any other offers put to me. But Ken takes over from Monday, and I will then be free to consider offers that have been put to me."

More plausible appointments are in the Lords—Lord Scarman as Lord Chancellor and the redoubtable Lady Seear as Leader.

Privately, some Alliance supporters conceded that such a spoof invites ridicule for a group aspiring to govern the country. Yet, perhaps it is not quite so ridiculous given that some of the names in Mrs Thatcher's reshuffle would hardly have been considered heavyweights a year or two ago.

Batteries charged

If he puts as much bounce into his actions as he does into his speech, American-born Rhodes Scholar Ken Price, 43, will make life anything but boring for all at the Chorliffe batteries group.

Price, whose entire working life hitherto has been spent as a banker, is chairman Sir Michael Edwards' choice for Chorliffe's new chief executive. He breezily admits to his lack of industrial experience as well as being "an open kimono sort of guy when it comes to airing my views and feelings."

Not so amicable

Like the unfortunate victim in a Bateman cartoon Graeme Knox, general manager for investments of the Scottish Amicable Life Assurance Society, took a lone stand at yesterday's Guinness shareholders' meeting to express the wrath of the Scottish institutions.

In spite of fears on the part of Guinness chairman and chief executive Ernest Saunders and his board that a sizeable band of the Scottish Mafia was on its way south only Knox turned up to berate the British brewer.

Knox, aged 41, a bearded, balding Glaswegian admitted to a certain disappointment that he had to stand alone. "If I had not been there it would have been soap all the way," he said after the meeting.

After studying chemistry and economics at Cambridge, Knox trained to become an attorney with the Scottish Amicable where he has spent his entire professional career.

He is a veteran of many shareholders' meetings, recalling in particular the controversy that surrounded the Govern-

Key to history

Why did a Boston land developer make a successful \$17.5m bid for an abandoned US naval base on Key West, Florida? The answer is that the site includes a 19th century clapnet house used as a vacation retreat by Harry Truman, the US President who dropped the first atom bomb.

Pritam Singh, who owns the Great Bay Co of Boston, beat 10 other bidders in acquiring the most valuable piece of waterfront on the island, the 108-acre Truman Annex centred by the historic "Little White House".

The US Government auction finally came down to two bidders, Singh and the Cook Inlet Region of Alaska, which represented 4,000 Eskimos who have been given credit by Congress to reimburse them for federal takeover of their lands.

"Our business is restoring historical buildings, and that's what we have in mind here," Singh says.

Catch the drift

The pace of life in the Outer Hebrides is such that manna often seems too urgent a concept.

A colleague planning a Hebridean jaunt phoned the operator of a small ferry between two of the more remote islands. He was told a timetable operated Mondays to Fridays, while Saturday trips were arranged to meet local needs. Resigning himself to an unpredictable Saturday, he asked for the time of the return trip on the Monday. "We usually leave about half past eight... 8.15 time... or 10," came the reply.

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POLITICS TODAY

Merit is sometimes rewarded

By Malcolm Rutherford

THE CHANGES at the middle and lower levels of the British Government announced this week, though not dramatic, mark the first time that Mrs Thatcher has tried to take a systematic approach towards ministerial appointments.

Practically all her previous efforts at ministerial formation or reshuffle have been either haphazard or have come about by accident. In the course of the last few months there have been so many accidents...

The list of casualties can be taken back longer, certainly to the formation of the new Government after the general election of 1983. Mr Francis Pym was dropped as Foreign Secretary. Mr Cecil Parkinson, who had played a large part in the election victory, was sacked...

All in all, it began to look like musical chairs, and the decision of Sir Keith Joseph to resign as Education Secretary meant yet more changes.

The unplanned nature of some of the appointments can be further illustrated by going back to Mrs Thatcher's first administration in 1979. She had only two members of the Cabinet...

Gradually a widening process took place. Mr Norman St John Stevas was dismissed as Leader of the House, Mr Hurd was promoted to Secretary of State for the Home Department, Lord Carrington was still Foreign Secretary...

There was no common pattern. Mr David Howell was sacked despite being on the party's economic right. Sir John Nott, also on the right, became tied up with politics when he was Defence Secretary...

Mr Kenneth Baker, now the Education Secretary, had been asked to stay after five years, and has been promoted to Minister of State as a belated recognition of his efforts...

Another strand is that accidents require an immediate reaction. Mr Denis Healey served stuck with R. Mr Paul Channon became Trade and Industry Secretary earlier this year almost entirely because he was No. 2 when Mr Brittan resigned...



Secretary earlier this year almost entirely because he was No. 2 when Mr Brittan resigned. If he were going to join the Cabinet solely on merit, he had been around long enough to have made it before then.

Past mistakes show again in the Northern Ireland Office. The reason why Mr Scott has been asked to stay after five years, and has been promoted to Minister of State as a belated recognition of his efforts...

the whole of Mrs Thatcher's first term and it will be surprising if Chancellor Lawson does not last the second. Changing the Chancellor has come to seem like an admission that she had done or failed to do before.

So if the Prime Minister wanted to make changes at all, her options were limited by what she had done or failed to do before. The need to encourage the troops and to introduce new faces before a general election was a compelling enough reason.

the low state of the party's fortunes in Scotland. The Scottish Office has been strengthened if not by spectacular names, at least by what should be a better team.

There is also a recognition of the low state of the party's fortunes in Scotland. The Scottish Office has been strengthened if not by spectacular names, at least by what should be a better team.

Lombard

Cost of backing innovation

By David Fishlock

ONE OF the most thankless tasks in this world must be offering to back inventors. The odds are heavy that you will turn them down for a myriad of reasons from judging that the inventor will never learn to manage a business...

The less probable the notion, the more likely it is to attract public acclaim, egged on by the inventor's threats to take it abroad if cash is not forthcoming.

If you back him, however, everyone except the inventor knows the odds are stacked against you. For a highly-researched manager in industry reckon it is a 10-1 bet against finding a pot of gold.

There are also those still waiting such as Mr Richard Kyser and Mr Peter Lilley who are quite as able, if not more so, than many of those in office.

longer are state-funded scientists in universities or national laboratories obliged to give it first right of refusal to exploit their inventions.

The Government invited universities to devise their own schemes for exploiting and protecting their intellectual property. Recently it announced that it had given approval for 33 of these schemes and was discussing such schemes with most of the other universities.

Litigation is an aspect of exploitation easily overlooked in the first flush of enthusiasm for the new freedom and the universities' understandable eagerness to find new sources of income to offset government cuts.

But backing innovation is inevitably a very long haul. The hovercraft is an invention of the 1860s. The pyrethrin insecticides, the corporation's biggest money-spinner today, go back 25 years to the first patent in 1961.

But in deference to its academic and other detractors, one right conference when the corporation was first founded has now been withdrawn. No

Ill-effects of tobacco

From the president, Royal College of Physicians

Sir—You have recently published two letters about smoking which warrant a reply.

Dr Myddleton's letter (August 26), questioned the toxicity of tobacco because of the difference in risk between smokers of cigars and pipes on one hand and cigarette smokers on the other.

Both Dr Myddleton and your earlier correspondent, Mrs Moody (August 4) raise queries about the estimate that 100,000 premature deaths per year might be attributed to smoking.

While the precision of this figure might be open to debate, the fact that smoking causes an extremely large number of premature deaths is irrefutable—far more than can be attributed to alcohol, road accidents or suicide.

Raymond Hoffenberg (Sir), 11 St Andrews Place, Regents Park, NW1.

Explaining the growth and jobs paradox

From Mr H. Neuburger

Sir—Samuel Brittan's Lombard column (September 8) shows him in serious need of cheering up. He can rest assured that even on his evidence that the link between growth and jobs has not disappeared.

The best summary of that evidence shows that there is an underlying growth of productivity of about 1 1/2 per cent at zero growth, and that each additional point on the growth rate of output adds 1 of a point on the growth rate of employment.

Letters to the Editor

and productivity. It is perhaps not surprising that with only seven observations these results are not "significant". Nonetheless, they are not by any stretch of the imagination or statistical analysis inconsistent with the commonsense view that more output means more work.

Mr Brittan depresses himself mainly by the device of dividing his graph into two parts and failing to find a satisfactory relationship in each half. Such a procedure applied to any growth would probably yield a similar result.

Further examination of the histories of these countries would show that periods of rapid growth in output coincided with periods of employment growth and vice versa.

Henry Neuburger, 21, Northchurch Rd, NL

A stable exchange rates system

From Mr W. Grey

Sir—Explaining why international monetary reform is "no more than a noble-sounding goal" John H. Makin (September 3) repeatedly pointed to the lack of international policy co-ordination. Thus, regretting that "the necessary, demand-contracting adjustment of US fiscal policy" has not resulted in any offsetting expansionary measures abroad, he particularly slated Germany's "self-righteous and inward-looking" attitude, adverse to risk-taking, which threatens any effort to stabilise exchange rates.

His critical reference to Germany was singularly inapt. Not only had that country, after the collapse of the Bretton Woods system, had no hand in formulating, let alone in stabilising, the stable exchange rates that long before the EMS, which it did, of course, very much help to create, was invented. But, as even cursory perusal of the German Bundesbank's publications would tell him, stability also lay larger in Germany's than in any other country's monetary vocabulary. So which party is calling which kettle black?

More generally, while it takes two to tango, and no country, however powerful and well-meaning, can stabilise exchange rates on its own, each country nevertheless can actively pursue a stable exchange rate

Act Two in insolvency

From Mr J. C. Robertson

Sir—Mr R. G. Theobald (September 2) would be correct in his criticism of the Insolvency Act 1986 if it stood on its own, but it does not. The picture is completed by the Company Directors Disqualification Act 1986, which repeals and re-enacts the balance of the Insolvency Act 1985 (including Section 14), together with the provisions of the Companies Act 1985 relating to the disqualification of directors.

It is not surprising that Mr Theobald should not have come across the Company Directors Disqualification Act. The Stationery Office has not automatically supplied a copy to those with a standing order for insolvency legislation.

These consolidations have at least the merit that those dealing with insolvent companies and delinquent directors will not have continually to refer to two Acts at once. It may, however, be regretted that, so soon after the 1985 consolidation of companies legislation, so much of the consolidating statute should be repealed and the valuable principle of one Companies Act be abandoned.

James Robertson, Touche Ross Insolvency Technical Committee, 33-34 Chancery Lane, WCA

Making money from Thames rubbish

From Mr P. Kreamer

Sir—Much of the rubbish in the Thames (Peter Newman, August 30) comes from the badly run riverside transfer stations. That is a fancy name for a means by which rubbish is moved from dust carts into river barges.

Their positions are marked by the flocks of seagulls which usually surround them. Aside from the prizes carried away by these birds, the winds blow plastic and paper into the river.

Were all this material burnt before being transported, the problem would disappear.

Since the Thames Water Authority already disposes of all the liquid effluent from the capital, why does it not expend energy for all the authority's pumping operations?

If Mr Roy Watts would like to pursue this potentially very lucrative idea, I would be happy to assist him.

Peter Kreamer, 20, Bank, Eton Wick, Windsor, Berks.

Worrying about radiation

From Mrs A. Barrett

Sir—As they say in "Call My Bluff" I would like to believe Dr L. G. Brookes' (predictable) candidate for dismissal (September 2) reassuring me that I am worrying about nothing when it comes to radiation from nuclear power stations. I must admit that I used to accept the old "back and ground radiation" argument. His statement that it constitutes "the greater part of all the radiation we experience" gives the impression that this is not radiation at all, but in a report (also September 2) by the National Radiological Protection Board, it was calculated that some 1,900 deaths occurred each year in Britain because of the harmful effects of natural radiation.

The white paper on nuclear waste, published on the Royal Wedding Day was criticised for restating the policy of diluting and dispersing nuclear waste by the Government-backed Natural Environment Research Council, which said in its evidence to the Commons select committee that the dilute and disperse policy was not successful, since the radioactivity tended to concentrate.

Now for Dr Brookes' argument regarding my worries about leukaemia. At the beginning of this year a Government statistical study showed that the incidence of leukaemia near the Dounreay nuclear plant in Scotland was 10 times greater than normal, and also that there had been an increase near two other nuclear installations. I consider that even one extra case of leukaemia is unacceptable. A paediatrician writing in the Daily Telegraph has predicted that there will be an extra 150 cases of thyroid cancer in children in Britain in the next few years as a result of the radioactive fall-out from Chernobyl. I know that that was an accident, but, as evidence of the danger of radiation, it is good enough for me.

Ann Barrett, 59, Elyton Ave, Cambridge.

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FINANCIAL TIMES

Friday September 12 1986

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Clash of styles in Montedison boardroom

A CORPORATE dispute which symbolises the conflict between Italy's traditional oligarchic financial establishment and the modernising influence of newcomers is set to come to a head this afternoon in the Milan boardroom of the Montedison chemicals group.

The dispute, which concerns a controversial \$221m purchase by Montedison of a 12.4 per cent shareholding in a Florence insurance company, is more than symbolic. In the complex world of Italian finance, the Montedison affair concerns bigger issues. Can an ancient regime of industrialists resist the challenge of modern financial operators? Can the old establishment hold up against the pluralistic tendencies of new Italian capitalism?

The protagonists of today's boardroom battle are Mr Mario Schimberni, 62-year-old chairman of Montedison, and Mr Enrico Cuccia, the crusty 78-year-old veteran at Mediobanca, the Milan merchant bank which has traditionally served the interests of a tiny private sector elite led by Mr Gianni Agnelli, Fiat chairman, Mr Leopoldo Pirelli of the eponymous tyre company, and their allies.

Mr Cuccia, who has created a web of industrial cross-holdings over which for 40 years he has maintained rigid control, last week attacked Mr Schimberni for having bought the 12.4 per cent equity stake in La Fondiaria, a Florence insurer in which Montedison already owned 25 per cent. Mr Cuccia's attack was based on the suspicion that Mediobanca, which owns 8 per cent of Montedison shares, should have been informed of the

Alan Friedman examines the background to a conflict among directors of a major Italian chemicals group. The two leading players in the affair - a clash between modern financial operators and an old establishment - are Mr Mario Schimberni (left) and Mr Enrico Cuccia.



La Fondiaria deal before it took place.

This is because Mediobanca is a member of the shareholders' control syndicate which comprises the top 10 shareholders of Montedison who, with less than 24 per cent of total Montedison equity, feel they should be able to dictate the group's policy.

Mr Schimberni, who has worked hard since 1980 to turn Montedison's fortunes round, does not believe in the old concept of "control syndicates" which are able to run companies as the "shareholder of relative majority." The Montedison chief instead is campaigning to develop publicly-held companies on

the Wall Street or London model. He already has 100,000 small shareholders in Montedison and refuses to be dictated to by the likes of Mediobanca.

At stake is whether Italy's financial modernists, who are taking on the Agnelli-led establishment, can prevail with the concept of a public company. The old guard's view was epitomised in an attack on Mr Schimberni this week by Mr Luigi Orlando, a Florence industrialist who is a close ally of Mr Agnelli and Mr Cuccia.

Mr Orlando said it was "not correct" for Montedison to be acquired by La Fondiaria shares. "If in business the pacts (made by share-

holder control syndicates) are not respected then business will become like a jungle," he said.

There are three other issues at stake in today's battle, which will take place when Mr Schimberni convenes the shareholders' control syndicate at Mediobanca's request. The first is that in acquiring a total of 37.5 per cent of La Fondiaria, which amounts to effective control, Montedison has also obtained a small, but key share stake in Mediobanca itself, held through the Florence insurer.

The future of Mediobanca is a hot political issue in Italy. Last year the IRI state holding group, which controls 37 per cent of Mediobanca,

tried to oust Mr Cuccia because he remains the guardian of a few private interests who are served despite their own reluctant minority shareholding in Mediobanca.

The next issue concerns another key equity stake, this time in Generali, Italy's biggest insurance group, which Montedison also obtained by taking control of La Fondiaria. Mr Agnelli and Mr Cuccia are both said to be interested in building up their holdings in Generali and the sight of Montedison stepping in ahead of them must be galling.

The final issue is Mr Schimberni himself. Last year he roused the fury of the Agnelli-Cuccia circle by taking over Bi-Invest, a financial and property company, against the establishment's wishes. Some stockbrokers in Milan say Mr Cuccia would now like to have Mr Schimberni sacked.

It is difficult to predict the outcome of today's corporate shoot-out. Unless Mr Cuccia can muster the votes within the control syndicate he may simply end up selling off Mediobanca's equity stake in Montedison, which might depress the share price for a while but would represent a Schimberni victory in the end.

One Italian newspaper described the Cuccia attack on Mr Schimberni as "more pathetic than threatening" and commented it was symptomatic of increasing pluralism in Italian capitalism and the inability of the old guard to continue to call the shots. If this turns out to be the case, the modernisers in Italy will have won a strategic battle.

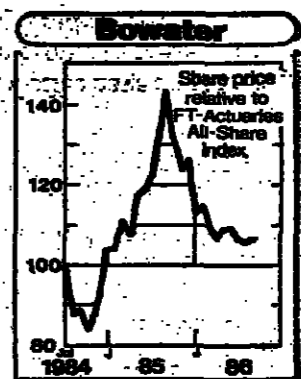
THE LEX COLUMN

Wapping profit from News

What is bad for the US bond market is not necessarily bad for equities, particularly if bond yields are rising on fears of overheating in the economy. But it seems there are limits to how far the markets can diverge; Wall Street's equity investors proved able to ignore the falling bond market for about a week and a half. Yesterday's selling may be no more than a missed step on the tightrope, as ephemeral as the day's rumour about rampant consumer spending. But inflation and deflation both seem more potent threats than they did a fortnight ago.

The financial sense of printing newspapers in Wapping seems clear enough in London, but it must look even clearer from Australia. The \$98m that News International provides above the line for the costs of leaving Fleet Street for the docklands in Wapping - reducing pre-tax profits from \$48.5m to a mere \$11m - makes a much less prominent appearance in the accounts of News Corporation. Taken below the line, in accord with the best Australian accounting practice, the Wapping provisions allow News Corp to report an improvement in its UK operating profit of almost \$100m. Translation into a depreciating currency also helps.

Adjusting for these optical discrepancies, the move to Wapping appears to have added about \$1m a week to the pre-interest profits of News International. And although nothing much can be inferred from the preliminary statement about the generation of cash through Wapping, it is evident that the ability of News Corp to cover its pressing interest bill in the US has been greatly enhanced.



executive chairman assumes, it is hard to overestimate Euroferries' problems.

His first call must be on Houston where Euroferries is at last writing off, rather than capitalising, the interest cost of holding its properties. At \$2.5m in the first half, the exceptional item will run at an annual rate of \$7m or \$8m until the oil price booms again. The tough new team must decide whether to cut and run, taking a big loss, or throw good money after bad.

In the UK, the ferry operators are finding that the benefits of the "jumboised" ships are outweighed by higher depreciation costs, which will get worse when two new ships, costing \$25m, set sail. Those are currently Euroferries' sole anti-Tunnel strategy, apart from telling anyone who will listen that the Tunnel might be unsafe. The new Terminal at Felixstowe turns an operation that was running at full capacity into one that is short of customers.

Profits will be lower this year, at around \$25m against \$48.5m, but some optimism could be the cash outflow which might add \$10m to already high borrowings. Perhaps the shares owe more to P & O's 20 per cent stake than belief in the company's prospects.

Standard Oil to sell two copper mines

BY WILLIAM HALL IN NEW YORK

STANDARD Oil, British Petroleum's US affiliate, has agreed to sell its two smaller copper mines in New Mexico and Arizona for \$228m.

The deal is the latest sign of the extensive streamlining of Standard Oil's operations, which has been under way since the spring when BP installed a new top management team.

Standard Oil's Kennebec subsidiary announced yesterday that it was selling its two thirds interest in Chino Mines to Phelps Dodge, the biggest US copper producer. The remaining one third is owned by a subsidiary of Japan's Mitsubishi Corporation. Standard also announced the sale of its wholly-owned Ray Mines division to Asarco, another leading US mining company.

Mr Bob Horton, Standard Oil's chief executive, said the decision to sell the two copper mines and concentrate the group's mining activity on Kennebec's giant Bingham Canyon copper mine in Utah, followed a

detailed review of all of Standard's businesses which was completed in the second quarter of 1986.

Standard Oil is proceeding with plans to modernise the Bingham Canyon mine - the biggest copper producer in America - after the local workforce accepted a number of concessions in a labour settlement which ensures the mine will be one of the lowest cost producers in the depressed US copper industry. It has been known for some time that Standard Oil has been wanting to sell the two smaller mines, which do not have the same economies of scale as Bingham Canyon.

Since Mr Horton and his new top management team took over at Standard Oil on April 1, they have been in the throes of a major reorganisation in a bid to streamline the company and prepare it for a period of depressed oil prices.

Standard has announced plans to sell a substantial part of its sprawling industrial operations,

Bundesbank continues to resist pressure for interest rate cut

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank has signalled its continued resistance to any interest rate cuts despite pressure from abroad for cuts, and may not change its stance later this month either.

The central bank's policy-making council met yesterday in the presence of Mr Gerhard Stoltenberg, the Finance Minister, and agreed to leave the discount rate at 3.5 per cent and Lombard rate at 5.5 per cent.

It had long been expected that the Bundesbank might move to cut its rates in advance of the International Monetary Fund (IMF) meeting in Washington at the end of this month. This would have given more scope to other industrial countries to cut their rates, in principle helping boost economic growth.

But the Bundesbank council meets only once more this month - on September 25. By the time it holds its discussions the West German group attending the IMF meeting, including Mr Karl Otto Pöhl,

the bank's president, will already have left for the US.

It is felt unlikely that the central bank council - which has so long pondered the question of whether to make interest rate cuts - would finally take a decision to do so in its president's absence.

The German delegation may thus face criticism at the Washington gathering, above all from the US which says it expects the Federal Republic and Japan to do more to encourage growth, boost imports and thus help curb the American trade deficit.

It remains open whether during the IMF meeting, or on the sidelines, agreement in principle might be reached among leading industrial states on a package of steps, including interest rate cuts, which would take effect later.

The West Germans say they regret that efforts to set up a top level meeting of the Group of Five countries earlier this month finally

came to nothing. The problem of finding a suitable date for all Mr John B. Baker, the US Treasury Secretary, is given as the main reason the meeting did not take place.

Key topics for the meeting could have included interest rate cuts and whether the US might be ready to intervene on the foreign exchange market to help stop a further fall in the dollar.

It is nearly a year since the Group of Five countries agreed on a - highly successful - co-ordinated effort to push the dollar rate down. The US currency has now dropped to close to DM 2 (compared with a high of DM 3.47 last year) - a level which is starting to make the Germans fear for their export competitiveness.

This has been a key factor in German officials to consider an interest rate cut.

Commodities, Page 26; Money markets, Page 37

UK regulatory body issues protection code

BY CLIVE WOLMAN AND NICK BUNKER IN LONDON

THE SECURITIES and Investments Board, the embryonic City of London regulatory body, yesterday published a revised and extended set of regulations which will tighten up further the standards of investor protection.

The new "conduct of business rules", which follow consultations on the original draft rules published in February, introduce more detailed requirements on companies to find out about a customer's financial and personal circumstances before selling him an investment product. A life insurance company may have to turn a customer away if it discovers that its savings plans are not appropriate to his circumstances, the SIB says.

The draft rules also tighten up the regulations on the writing and dining and the making of gifts between investment firms. Any such benefits in kind will be outlawed if their value or frequency is such as might influence the recipient when referring his customers to other in-

vestment firms or when making decisions on their behalf.

The rules also extend for the first time in advertising. Advertisements will no longer be permitted to contain apparently glowing testimonials to the investment skills of the fund's trust managers which have been taken out of context from publications without the author's permission.

Another set of victims could be stockbrokers' employees who "stag" new share issues arranged by their firm. Staging involves applying for shares in a new issue and then selling them for a fast profit in early dealing.

A new SIB rule would prohibit any personal transactions by stockbrokers' employees which could involve a conflict with a client's interests. This would mean forbidding employees to stag the firm's own issues if the firm was held to have a duty to avoid reducing the price in the after-market, the SIB says.

Details, Page 9

News International profits fall

BY DAVID GOODHART IN LONDON

THE MOVE by News International of the UK - publishers of The Times, Sunday Times, The Sun and News of the World, from London's Fleet Street to Wapping in the city's docklands cost it \$26.2m (\$96m), according to the group's results for the year to June published yesterday.

This is the first time that the company, the UK subsidiary of Mr Rupert Murdoch's News Corporation of Australia, has put a figure on the move to Wapping, site of the company's computerised typesetting plant.

The result was to depress News International's profits to \$11.99m, compared with \$46.78m a year before, despite an increase in turnover from \$438m to \$548m.

Without this exceptional item in the accounts, profits would have been sharply up.

News Corporation, which also reported yesterday, dramatically increased its worldwide profits from \$386.9m (US\$59.2m) to a record \$529.2m for the year on the back of the performances in the US and UK divisions.

Because Australian accounting convention demands that the Wapping cost be treated as an extraordinary item, the UK subsidiary's profits are shown to have more than doubled from \$175.5m to \$317.1m. The move to Wapping has thus significantly contributed to the record profits for the whole group.

The company claimed that moving The Times, The Sunday Times, The Sun and News of the World to Wapping was saving about \$1m a week.

The Wapping exceptional item of \$26.2m includes an undisclosed sum for redundancy payments currently

being negotiated with union leaders.

The biggest rise in profits came in the US division, from \$255.5m to \$295.1m, on turnover up from \$828.7m to \$1,017.7m. This reflected the inclusion of the Ziff-Davis business magazines for their first full year, Twentieth Century Fox for seven months and Fox Television (Metromedia) for four.

Despite some recent retrenching of US debt the interest bill rose sharply from \$37.7m to \$22.5m, reflecting the expensive US acquisitions.

Because of the recent decline in the Australian dollar the group reported foreign exchange gains of \$294.67m.

News Corporation is now the second largest company in Australia and yesterday declared a one-for-one bonus issue.

World Weather

Area	Temp	Wind	Cloud	Vis	Pressure
Algeria	24	15	12	10	1012
Amman	20	10	10	10	1010
Amsterdam	13	15	10	10	1015
Antwerp	13	15	10	10	1015
Athens	27	10	10	10	1012
Bahia	28	15	10	10	1010
Bangkok	28	15	10	10	1010
Bombay	28	15	10	10	1010
Buenos Aires	22	15	10	10	1010
Calcutta	28	15	10	10	1010
Cairo	28	15	10	10	1010
Cardiff	13	15	10	10	1015
Chennai	28	15	10	10	1010
Colombo	28	15	10	10	1010
Copenhagen	13	15	10	10	1015
Dublin	13	15	10	10	1015
Hankow	28	15	10	10	1010
Hong Kong	28	15	10	10	1010
London	13	15	10	10	1015
Los Angeles	22	15	10	10	1010
Madras	28	15	10	10	1010
Manila	28	15	10	10	1010
Mumbai	28	15	10	10	1010
Nairobi	28	15	10	10	1010
Paris	13	15	10	10	1015
Rangoon	28	15	10	10	1010
Shanghai	28	15	10	10	1010
Singapore	28	15	10	10	1010
Sourabaya	28	15	10	10	1010
Taipei	28	15	10	10	1010
Tokyo	28	15	10	10	1010
Yokohama	28	15	10	10	1010

British Airways privatisation

Continued from Page 1

in every area relating to Distillers and the combined group's board structure.

"A competitive bid situation is very different to spending weeks and months getting to know the people and the company," Mr Saunders replied. "We got the best information we could externally."

Shareholders backed, by a show of hands, the appointment of four new non-executive directors to the Guinness board to form a counterweight to Mr Saunders, but Guinness has yet to find the fifth, Scottish, director it is seeking.

Speaking after the meeting Sir Thomas Risk said something would have been achieved if the City had learned how better to handle disputes like this in the future.

"We cannot leave it entirely to the shareholders," he added. "It has exposed gaps in the way we deal with this sort of thing. We should be able to find out the facts in a methodical way. This is an area which the regu-

Guinness board victory

lators find difficult at the moment."

Guinness's shares initially took heart from the board's clear victory and rose 10p to 348p but fell back later to close 5p lower at 339p.

In a separate development Sir Nicholas Goodison, chairman of the Stock Exchange, published the text of a letter to Mr John Smith, the Labour opposition's trade and industry spokesman, rejecting a suggestion the Guinness affair represented a failure for self-regulation.

Pointing out that the Stock Exchange had in fact statutory powers, Sir Nicholas wrote: "You are rightly concerned about this affair but please give us credit for achieving in our statutory capacity as much as if not more than would have been achieved by a different statutory body."

"Your questions, it seems to me, should be directed at the Department of Trade and your powers of persuasion at the Guinness shareholders."

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SECTION II - COMPANIES AND MARKETS
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**Fermenta share options
 agreed by El-Sayed**

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

MR REFAAT EL-SAYED, controversial majority shareholder and group chief executive of Fermenta, has signed definitive agreements to sell to three Swedish groups 3m shares amounting to 32 per cent of the votes in the Swedish chemicals and biotechnology group.

The deals have a series of complicated options, however, allowing the various parties to change the agreements at a later stage. It is still unclear whether Montedison, the Italian chemicals group, intends to pursue earlier plans to acquire a majority stake in Fermenta.

Montedison previously set a deadline of November 30 for a deal. All three Swedish groups - Procordia, the Swedish state holding company, Investment AB Beijer, the investment company controlled by Mr Anders Wall, the Swedish financier, and Industrivarden, the investment company closely allied to Svenska Handelsbanken, Mr El-Sayed's main bank said their purchase of the Fermenta shares should in no way obstruct the gradual takeover of a majority voting stake in the company by Montedison, the Italian chemicals group.

It is clear from yesterday's statement, however, that Procordia could be prepared to take over a more substantial role in Fermenta,

if the Montedison negotiations collapse. Procordia has initially bought 1m A shares giving it 10.75 per cent of the votes, but it also has an option to buy a further 1.5m A shares before the end of September 1986.

The state holding company said it had secured a further right to increase its stake beyond 2.5m A shares or 28.9 per cent of the votes, if the talks with Montedison fail. It declined to give details of this additional option.

It is to pay SKr 200 a share or a total of SKr 200m (\$28.8m) for its initial stake. If it exercises the option on the further tranche of 1.5m A shares, these would be bought at 130 per cent of the quoted price for restricted B shares in the previous three months.

Procordia also has a right to sell back its initial 1m A shares to Mr El-Sayed during the first half of 1988, as long as it has not exercised its other options.

Procordia itself is holding negotiations with the Swedish Ministry about selling shares to private institutions with a view to eventually acquiring a stock market listing.

The agreements by Mr El-Sayed with Beijer and Industrivarden are essentially short-term, and both

groups said they were aimed at facilitating an eventual deal with Montedison.

If no agreement has been reached with the Italian chemicals group by December 1, however, Industrivarden and Beijer can force Mr El-Sayed to buy back their holdings. If they should decide to hold on to the shares, then Mr El-Sayed has a right of first refusal or an option to buy back the shares within a limited period.

For the moment Beijer and Industrivarden are each buying 1m A shares at a price that is "substantially lower" than the SKr 200 a share paid by Procordia.

Mr El-Sayed has a right to buy the shares back and to sell them to Montedison, and he and the investment companies would then share equally the profit from any such deal.

If a deal is struck with Montedison, the Italian chemicals group would have "a right and obligation" to acquire the Beijer and Industrivarden holdings within two years at a previously agreed price, said the two investment companies.

In a separate development last night, Mr El-Sayed confirmed that Fermenta was negotiating the sale of part of its agri-chemicals operation in the US.

**AMD to
 shed jobs
 and cut
 range**

By Louise Kehoe
 In San Francisco

ADVANCED MICRO Devices (AMD), one of Silicon Valley's largest chip makers and until last year the fastest growing company in the semiconductor industry, will reduce its workforce, eliminate some product lines and cut back on its research and development spending in an effort to return to profitability, Mr W. J. Sanders, president and chief executive, announced at the company's annual meeting in Santa Clara, California, on Wednesday.

Mr Sanders hoped AMD would be profitable in the first half of 1987. The company has reported losses for each of the past four quarters, with operating losses last year of \$77.8m and losses for the recently ended first quarter of \$24.5m.

"New realities have changed the semiconductor industry forever," Mr Sanders told his audience of shareholders who included hundreds of AMD employees. Foreign competition and shifting demand from the US to Pacific Basin markets have irrevocably changed the US semiconductor industry.

He praised the recently signed US-Japanese trade agreement designed to open the Japanese chip market to US suppliers and to prevent future "dumping" of Japanese chips in the US. AMD has expanded its operations in Japan to take advantage of these new opportunities.

Despite the trade agreement, however, US chip makers could not quickly close the manufacturing cost advantage enjoyed by foreign competitors.

AMD, which has maintained a strict "no layoffs" policy for the past 10 years regardless of business conditions, has been forced to moderate its employment levels.

More layoffs are now expected although Mr Sanders declined to give details.

AMD's research and development spending was to be cut back by about \$40m per quarter. In the past quarter AMD's \$51m R&D costs rose to an unprecedented 33 per cent of sales.

AMD's strategy of pushing out new products that carry higher profit margins than commodity chips has been less successful than analysts had anticipated. Although AMD has introduced products at the rate of at least one per week over the past year, those chips accounted for only 8 per cent of AMD's sales in the last quarter.

New powers to be granted to banks in legislative overhaul
Canada plans its own Big Bang

THE CANADIAN Government proposes to grant new powers to the country's banks and to limit the ownership of financial institutions by non-financial conglomerates as part of a forthcoming overhaul of legislation regulating the financial services industry.

Mr Tom Hockin, Minister of State for Finance, whose portfolio includes supervision of the banking system, said Ottawa would "not be a stumbling block" to banks' efforts to acquire significant minority interests in domestic securities firms.

The concessions, if implemented, will give Canadian banks a foothold in the increasingly competitive securities industry at a time of unprecedented change in the financial services sector as a whole.

According to plans announced earlier by the Ontario provincial government, a limited number of US, European and Japanese investment banks and securities firms will be allowed to set up operations in Toronto from January 1.

Foreign institutions will also be allowed to acquire up to 30 per cent of Canadian investment dealers. The total capital of each foreign-owned concern will be limited to 1.5 per cent of the industry total, equal to about \$30m (US\$22m) each.

The Ontario government, which

regulates the securities industry, proposed earlier this year that banks and other domestic financial institutions should be allowed to acquire a substantial interest in securities dealers. But the banks are regulated by the federal government, which indicated that it was opposed to granting them further concessions for the time being.

Ottawa's plan to limit ownership of financial institutions by non-financial groups is likely to be strongly opposed by leading trust and mortgage companies, such as Royal Trust and Canada Trust, which are controlled by some of the country's leading industrial and resource groups. Canada Trust's parent, for instance, is Imasco, the Montreal-based tobacco and retail group 44 per cent owned by BAT Industries of Britain.

Banks have lobbied for the ownership rules applicable to them to be extended to the fast-growing trust companies. No single share-

holder is allowed to own more than 10 per cent of a domestic bank's equity.

Mr Hockin said: "When you're small and the need for capital is paramount, perhaps it's wise to allow non-financial institutions to bring financial groups into life. But when they get large and there are opportunities for serious conflicts of interest, perhaps one has to look at decreasing the amount of owner-

ship." A decision to relax the restrictions on banks' involvement in the securities industry will involve changes to the Bank Act, which traditionally is reviewed only once a decade, with the next revision not due until 1990. But Mr Hockin said: "There is a disposition now to consider a few changes to the Bank Act and not wait until 1990."

Mr Stanley Beck, chairman of the Ontario Securities Commission, said the banks would probably be allowed to take an interest of between 30 per cent and 50 per cent in securities dealers. Canadian Imperial Bank of Commerce is among the six big Canadian banks which has expressed an interest in investing in a securities firm.

Draft legislation on the ownership and powers of federally-regulated institutions, such as banks and insurance companies, is expected to be published later this autumn.

Ottawa is likely to give priority, however, to tightening supervision of banks in the wake of last year's collapse of two Alberta institutions.

The government's latest plans for stimulating competition in the financial services industry are an almost complete reversal of controversial proposals outlined in a discussion document in April 1985. The discussion paper suggested that non-financial conglomerates should be allowed to expand into banking, but that established banks should receive no new concessions until 1990.

The rapid pace of events in international capital markets and last year's small banks crisis appear to have made the authorities more sensitive to the concerns of the remaining banks and to arguments in favour of widely-held financial institutions.

Bernard Simon in Toronto reviews a government programme which will give banks a more competitive foothold in the rapidly changing financial services sector.

Siddle quits in Euro Ferries shake-up

BY KEVIN BROWN, SHIPPING CORRESPONDENT, IN LONDON

MR KEN SIDDLER, managing director of European Ferries, resigned yesterday, less than two months after relinquishing the chairmanship of the company.

Mr Siddle, who has been with the company for 25 years, decided to quit following the insistence of the new chairman, Mr Geoffrey Parker, on his taking an executive role which left little scope for an active managing director.

Mr John Parsons, deputy managing director of European Ferries Dover operations, and a member of

the main board, is also leaving the company because of differences with Mr Parker.

In addition, Mr Jimmy Ayers, the technical director, announced his intention to take early retirement when the group's current new building programme is completed, probably in autumn next year.

The boardroom shake-up coincided with the announcement of disappointing interim results for the six months to June, showing a loss of \$4m (\$5.5m) before tax, compared with a profit of \$5.6m in the

first half of last year.

There was no suggestion that the resignations were connected with the poor results, however.

European Ferries said the retiring directors would continue to be available to advise the company on a consultancy basis. Both are believed to be prevented under the terms of their contracts from joining any of the group's competitors.

European Ferries declined to say what financial arrangements had been agreed with the two retiring directors. Mr Parker confirmed that

both had service contracts with the company, but said it would be "an invasion of privacy" to give details at this stage.

Mr Siddle relinquished the chairmanship to Mr Parker in July after three unhappy years as successor to the flamboyant Mr Keith Wickenden, who died in an air crash in 1983.

The appointment of Mr Parker, who ran the harbours division, was welcomed in the City of London because of his public relations skills and aggressive style.

**First Chicago
 buys four
 area banks**

By Roderick Oram in New York

FIRST CHICAGO, the major mid-western bank holding company recovering from two years of large write-offs and low earnings, has bought four Chicago suburban area banks for \$220m.

The acquisitions through its American National subsidiary will increase First Chicago's presence in the regional "middle market" in which it lends to companies with annual sales of up to \$115m. American National, which First Chicago bought two years ago for \$275m, claims to have 20 per cent of the Chicago area "middle market."

The latest acquisitions are National Bank of North Elvaston, Elgin National Bank, First National Bank of Schiller Park and Merchants and Manufacturers state bank. They are units of three separate bank holding companies controlled by Mr Stephen Bronson and Mr Melvin Gore.

A spate of bank takeovers in the region is expected following the recent loosening of interstate banking laws by several mid-western states including Illinois. First Chicago has said it wanted to acquire banks in neighbouring states with assets of between \$20m and \$50m.

In addition to middle market banking, First Chicago is trying to rebuild its profitability through heavy concentration on consumer profitability through heavy concentration on consumer lending in which it has the third largest credit card operation in the US. The group also intends to maintain its position in global corporate banking.

Analysts are expecting 1986 earnings of more than \$4 a share, compared with \$2.84 in 1985 and \$1.19 in 1984.

**Gotaas-Larsen takes
 risk on oil tankers**

BY KEVIN BROWN IN LONDON

GOTAAS-LARSEN, the cash rich Bermuda-based shipping corporation, yesterday announced a \$100m order for four 145,000 tonnes deadweight crude oil carriers from South Korea.

The move represents a gamble on the prospects of an upturn in the depressed oil tanker market.

The ships, to be built by Daewoo Shipbuilding, will be the largest capacity crude carriers able to pass through the Suez Canal with fully loaded cargo tanks, giving them a big potential advantage over older ships.

Gotaas-Larsen underlined its confidence in the prospects of a continuation of recent improvements in the market by signing an option for the construction of a further five ships of similar design at a cost of around \$125m.

Mr Alf Clausen, the corporation's joint managing director, said the new ships would provide a high degree of operating flexibility combined with significant fuel savings.

"This remains an important consideration for owners, despite the current low price of crude oil and bunkers (fuel), he said.

Mr Richard Fain, also joint managing director, said: "I don't think this is a brave move; it is a natural extension of our decision to raise new capital for investment to modernise our fleet. We see this as a natural outcome of that."

Mr Fain said the tanker market had been "pretty dismal for a long time, but we think that by the time these ships are delivered it will be back in equilibrium and there will be demand for ships of this type."

He added: "We think the market is getting closer to balance, and we have worked hard to put ourselves in a position where we will have a competitive advantage over other companies."

Gotaas-Larsen, which made net profits of \$18.6m last year on turnover of \$186.1m, has a fleet of 22 ships, ranging from crude carriers to cruise liners.

**Massa sees
 earnings rise**

MASSA, a German grocery chain, will show a significant increase in 1986 earnings per share above the DM 9 forecast when 1986 first-half net profits rise to DM 52m (\$26.5m) from DM 26m the year before reports Reuters from Alsey.

Turnover figures for the first half have been adjusted to DM 1.5bn up from DM 1.35bn. The above average rise was due to an upturn in non-food sales.

Reaction to the start-up of mail order selling was positive and sales should be worth DM 100m this year.

Massa shares were floated on the West German stock market in April. The company offered DM 23m nominal of non-voting preference shares at an issue price of DM 235 each.

Esselte profits up 4%

BY SARA WEBB IN STOCKHOLM

ESSELTE, the Swedish office supplies group, reported a 4 per cent increase in half-year profits before provisions and taxes, from SKr 333m (\$47.8m) in the same period a year ago to SKr 348m.

Group sales increased 12 per cent to SKr 3.38bn, against SKr 3.02bn for the first half of 1985. But when adjusted to reflect sales of comparable units (excluding acquisitions and divestments), the increase in sales was 7 per cent.

Esselte expects income after interest expenses to match last year's SKr 741m and the group repeated

its earlier forecasts that sales for the whole of 1986 would increase 10 per cent on 1985 figures of SKr 10.2bn.

The improvement in group earnings came from Swedish and foreign operations, despite the SKr 31m development costs for its pay-TV venture, which is expected to be a substantial source of revenue in the next few years.

The group made several small and medium-sized acquisitions during the first six months, chiefly in the Esselte Business Systems (EBS) division.

**CBS shares fall after
 battle in boardroom**

BY WILLIAM HALL IN NEW YORK

THE SHARES OF CBS, the embattled US broadcasting giant, slumped on Wall Street yesterday after news that Mr Thomas Wyman, the company's chairman and chief executive, had been ousted after a boardroom power struggle led by Mr Larry Tisch, the wealthy New York financier, and Mr William Paley, the 84-year-old founder of CBS.

CBS shares, which fell by 3 1/2% on Wednesday, lost another \$7 to \$133 in early trading yesterday as speculators, who had been betting that the company would be taken over, dumped their shares on the stock market. Mr Edward Altrino, a media analyst with Smith Barney, said yesterday that the arbitrageurs who specialise in buying shares of possible takeover targets, have "taken a bath on this one."

Mr Wyman, aged 56, announced his resignation late on Wednesday after a marathon board meeting at CBS Manhattan headquarters. Mr Wyman has been under increasing pressure to improve CBS' flagging fortunes for several months since the company rebuffed a couple of hostile takeover approaches. The company's advertising revenues are

falling, it has lost its traditional dominance of the prime time TV market and efforts to diversify into non-TV areas have been far from successful.

Mr Tisch, chief executive of Loews which has a stake of almost 25 per cent in the company, has been appointed chairman of a newly-formed management committee and acting chief executive. He will serve until a new chief executive is found and Mr Paley will serve as acting chairman of the board during the transition period.

Other members of the new management committee are Mr Mitchell Bergerac, the former chief executive of Revlon, Dr Harold Brown, a former US Secretary of Defence, and Mr James Wolfensohn who runs his own small investment bank. CBS says it has set up a search committee headed by Dr Brown to seek out a new chairman and chief executive.

Mr Tisch stressed that he did not intend to take over CBS and committed himself to maintaining its independence.

Mr Wyman's resignation is expected to be followed by a further shake up in CBS top management.

NOTICE OF REDEMPTION
 To the Holders of
Ohio Edison Finance N.V.
 17 1/4% Guaranteed Notes Due 1988

NOTICE IS HEREBY GIVEN pursuant to the provisions of the Indenture dated as of October 15, 1981 among Ohio Edison Finance N.V. (the "Company"), Ohio Edison Company (the "Guarantor") and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee"), all of the Company's 17 1/4% Guaranteed Notes Due October 15, 1988 (the "Notes") will be redeemed on October 15, 1988 (the "Redemption Date") at a redemption price of 107% of the principal amount thereof (the "Redemption Price") together with accrued interest to the Redemption Date.

On the Redemption Date, the Redemption Price will be due and payable on each Note and upon presentation of said Note with the October 15, 1987 and October 15, 1988 interest coupons attached, the Redemption Price will be paid. On and after the Redemption Date, interest on the Notes will cease to accrue.

The Notes should be presented and surrendered for redemption at any of the following:

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Chase Manhattan Bank (Switzerland) S.A. Cohn Bondtrust Royal & Grand Place CP 120 Luxembourg, Luxembourg	Chase Manhattan Bank (Belgium) S.A. Postbox 522 8002 Zurich, Switzerland
Banque Paribas (Suisse) S.A. and Paribas Bank 10 Boulevard de la Woluwe 1200 Brussels, Belgium	Banque de Paris et des Pays-Bas 3-Place Flandre 75079 Paris CE France

Banque de Commerce
 51-53 Avenue des Arts
 1048 Brussels, Belgium

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OHIO EDISON FINANCE N.V.
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 as Trustee

Dated: September 12, 1986

NEW ISSUE

All these securities having been sold, this announcement appears as a matter of record only.

August, 1986

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INTERNATIONAL COMPANIES and FINANCE

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September, 1986

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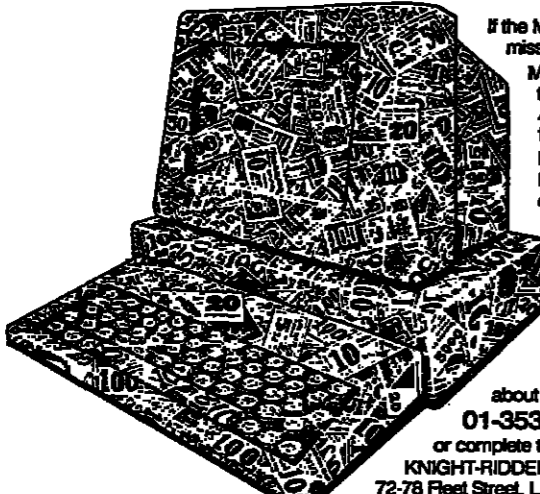
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Boliden plans SKr 1bn disposals

By Sara Webb in Stockholm

BOLIDEN, the loss-making Swedish metals, chemicals, and mining group, is selling off several subsidiaries worth about SKr 1bn (\$145m). Some of the companies were acquired by Boliden when it took over the Swedish trading concern Ahlsell earlier this year. Boliden says that they do not fit in with its metals and mining profile.

Satcon, a former Ahlsell company which sells integrated systems, has already been sold to Alfa Level for an undisclosed sum.

Other companies up for sale include ASG Ham & Hushall and Orby-Panzen, two kitchen and white goods companies, Medicare, the medical and dental services company which has proved unprofitable, loss-making Boliden Intertrade Oils, and Inred, the iron ore treatment company.

Boliden also aims to sell its 50 per cent share in Preussag-Boliden-Elec, which makes lead, and its 50 per cent interest in Carbogel, the energy technology company.

Mr Kjell Nilsson, Boliden's new president and executive chief officer, is keen to restore Boliden to its metals and mining priorities in an attempt to put the company back on its feet.

The company last month reported a SKr 181m pre-tax loss in the first half, compared with a profit of SKr 184m a year earlier.

Trelleborg, a southern Swedish industrial products group last April bought a large stake in Boliden and owns about 45 per cent of the company.

Domtar looks at a bid for Genstar assets

By Our Financial Staff

DOMTAR is "internally considering" making a bid for some of the US building material assets being shed by Genstar, particularly gypsum operations. Imasco, 44 per cent owned by BAT of the UK, acquired Genstar in a \$2.8bn (US\$1.8bn) takeover, and has begun shedding assets.

Mr James Smith, Domtar president, declined to forecast group earnings for the year, but said the outlook for several product lines was good. First-half earnings rose to \$260m from \$254m.

Genstar's building-products operations, including gypsum, roofing, lime and stone products, have been put up for sale through a controlled auction process.

Commenting on Domtar's prospects Mr Smith said gypsum operations had been benefiting from continued improved housing starts.

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For the three months 12th September, 1986 to 12th December, 1986 the Notes will bear an interest rate of 8 1/2% per annum and the coupon amount per US\$100,000 will be US\$1564.06.

BankAmerica may sell offshoot

BY WILLIAM HALL IN NEW YORK

BANKAMERICA, the struggling West Coast banking group, is considering selling its large and profitable Italian banking operation, Banca d'America E d'Italia, in a move which could raise more than \$700m.

The Italian bank was one of the first overseas ventures of the legendary A.P. Giannini, who founded BankAmerica and went on to create one of the biggest financial empires in US history. The news that BankAmerica is seriously considering selling its Italian operation underlines the wrenching changes which are underway at what was until recently the biggest bank in the world.

BankAmerica lost \$640m in the second quarter and is under considerable pressure to strengthen its capital base and aim down its sprawling worldwide banking operations. The bank recently announced it was scrapping plans to establish a retail banking network in Australia and is also planning to sell part of its Argentinian operations.

In a brief statement from its San Francisco headquarters, BankAmerica said it had had "expressions of interest" from other banks interest-

ed in acquiring Banca d'America E d'Italia, which is the fifth biggest bank in Italy. It has assets of about \$45m and earned about \$35m last year. It has 88 branches and employs 2,900 people.

BankAmerica said it would consider offers which were "well thought out" but beyond that it had no comment. Italian newspapers have said that several leading Italian banks have expressed interest in buying the Milan-based bank and there has been speculation that some foreign banks, such as Germany's Deutsche Bank, have shown interest.

Mediobanca lifts profits

By Alan Friedman in Milan

MEDIOBANCA, the Milan merchant bank 57 per cent controlled by the IRI state holding group, last night announced a L172.8bn (\$121m) profit for the year ended last June 30. This compares with a profit of L128.7bn in the previous year.

Mediobanca said the 1985-86 profit was struck after setting aside L71bn for reserves and bad debt provisions. The board of Mediobanca also approved the issue of up to L4,000bn of bond issues in the current financial year, more than double the previous level.

This announcement appears as a matter of record only.

NEW ISSUE



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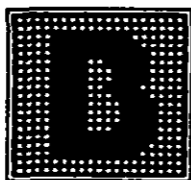
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August 1986

INTL. COMPANIES and FINANCE

Pechiney delays move on plants

BY PAUL BETTS IN WILLIAMSBURG, VIRGINIA

PECHINEY, the French nationalised aluminium and special metals group, has decided to postpone until the end of November a decision to close down two of its French aluminium plants.

The temporary revivification, announced by Mr Jean Gandois, Pechiney's new chairman, appears designed to put pressure on Electricité de France (EdF) the French electricity utility, to lower its industrial electricity tariff to enhance the competitiveness of French industries which are heavy consumers of electricity.

Pechiney announced plans earlier this year progressively to close its plants at Noguères near the Pyrenees and Riquieroux in the Grenoble region. This would have eventually cut the company's French aluminium capacity by 140,000 tonnes a year to 230,000 tonnes a year. It involves shedding almost 1,000 jobs.

The group, the world's third-largest aluminium producer, has a worldwide aluminium capacity of about 1m tonnes a year with plants

in Australia and Canada among other countries.

Although the two French plants are old and ultimately doomed to be either closed or replaced by modern facilities, Mr Gandois seemed intent on turning the future of these two plants into a test case of French industrial electricity price-setting.

The press conference held in Williamsburg, Virginia, is the first since he was appointed chairman of Pechiney at the end of July. Mr Gandois asked whether France could afford in the longer term to produce aluminium domestically. He suggested that, at current French electricity prices, the French aluminium industry and other industrial sectors with heavy electricity consumption would be in no position to compete internationally.

Mr Gandois is visiting Pechiney's north American operations where he attended the official opening of the new \$1bn Becancour aluminium smelter in Quebec in which Pechiney has a 50.1 per cent stake.

Public listing for Malaysian shipping group

By Our Kuala Lumpur Correspondent

THE MALAYSIAN Government has approved a proposal by the board of Malaysian International Shipping Corporation (MISC) for the company to be listed on the Kuala Lumpur stock exchange.

Mr Kasitah Gaddam, Minister without Portfolio, said yesterday the shipping company would be calling a shareholders' meeting on September 24 to approve the plan for a public listing by February next year.

MISC, which is 57 per cent owned by the Malaysian Government, is the second state-owned agency to get a public listing after Malaysian Airlines System, which went public last December, in accordance with the Government's privatisation programme.

Mr Kasitah said MISC's paid-up capital, currently at 100m ringgit, would be increased to 500m ringgit when it becomes a quoted company.

The shipping company was formed in the late 1960s and has 40 ships with a total of 1,35m dwt.

Despite the recession in the world's shipping industry, MISC had after-tax profits of 162m ringgit (\$62.5m) for 1985 compared with 49.5m ringgit in 1984.

Sales for the six months were 23.5m ringgit, down from 39.7m ringgit in the same period last year.

Akzo plans Fl 300m financing

BY LAURA RAUJ IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, has launched a novel warrant issue that will raise about Fl 300m (\$128.7m) for further acquisitions and strengthening the balance sheet.

The paper entitles holders to purchase one common share at a price of Fl 120 between May 1986 and September 1991. The exercise price of Fl 120 is significantly below the current share price of Fl 163.

The advantage for Akzo is the certainty of getting about Fl 200m in fresh capital during a given period while the advantage for the investor is the leverage of buying the stock below market price.

Only current stockholders can purchase the warrants on a basis of 20 shares for one war-

rant at a price of Fl 48. The purchase price plus exercise together amount to Fl 168, only Fl 5 above the current share price.

Traditional warrants carry an exercise price above the stock price at the time of issue, meaning that holders will exercise only if the share price rises. This provides less certainty for the issuing company.

This is the first time in two years that Akzo has tapped the domestic Dutch market. The Arnhem-based company has been looking for some time for a US acquisition and is investing heavily in new, high-tech products.

Abhold said the sharply lower dollar limited its profit rise to 5 per cent and eroded

revenue by 7 per cent in the first seven months of 1986, but the Dutch consumer-goods group added that it still expected full-year earnings to rise.

Net income amounted to Fl 65.7m in the 28 weeks, compared with Fl 62.6m in the same period last year.

Operating results in the US, where Abhold derives about one-third of its turnover, also increased due to better sales.

Revenue amounted to Fl 6,180m compared with Fl 6,600m, although turnover expressed in local currencies rose in both the Netherlands and the US.

Abhold, which is based in Zaandam, forecast that earnings for all of 1986 would surpass the Fl 122m of last year despite the weaker dollar.

Limits on Malaysia bank stakes

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN corporations which had earlier announced proposals to take up major stakes in banks have now revised their plans in accordance with the ruling by Bank Negara, the central bank, that they can only acquire a maximum of 20 per cent in a bank.

Bank Negara introduced the 20 per cent equity limit for bank acquisitions last year to diversify bank ownership to strengthen the banking industry.

Termeloh Rubber Estates, the publicly listed vehicle of Datuk Syed Kechik, has disclosed that the central bank has approved its proposal to buy into Development and Commercial Bank, but limited the stake to

20 per cent.

Originally, Termeloh was to acquire the entire 32.9 per cent in D and C Bank from Syed Kechik.

Termeloh will now pay 40.88m ringgit (US\$15.6m) for the 20 per cent stake, by issuing 9.65m new 1 ringgit shares valued at 4.2 ringgit a piece.

Melewar Corporation, which is controlled by the Royal Family of Negri Sembilan State, is said to have dropped plans to acquire Roxy Corporation.

Roxy owns 33 per cent of D and C Bank, but if Melewar acquires Roxy, it would have to ensure that Roxy reduces its stake in the bank to 20 per cent.

According to bankers, this would make Roxy a less attractive company for Melewar, which is also offering too high a price for Roxy, compared with the current traded price of the company. It offered to buy Roxy at 3 ringgit a share and the shares are now being traded at 2.4 ringgit.

Another listed company, Raleigh, which is controlled by the family of Mr Daim Zainuddin, the Malaysian Finance Minister, also announced it was not going ahead with its acquisition of 20 per cent in United Malayan Banking Corporation. It said the deal had lapsed as no approval was forthcoming from the Foreign Investment Committee.



Consolidated Metallurgical Industries Limited
(Registration No. 75/0022/009)
(CMI)

Johannesburg Consolidated Investment Company, Limited
(Registration No. 01/0029/008)
(JCI)

(Both companies incorporated in the Republic of South Africa)

PROPOSED RIGHTS OFFER OF 7,373,300 ORDINARY SHARES IN CMI TO ORDINARY MEMBERS OF JCI

It was announced on 27 August 1986 that CMI proposed applying for a listing on The Johannesburg Stock Exchange ("JSE") by means of a rights offer to ordinary members of JCI (other than those whose addresses appearing in the share registers of JCI are within the United States of America or Canada).

Ordinary members of JCI will be invited to participate in a rights offer consisting of 7,373,300 ordinary shares in CMI at 400 cents per share on the basis of one ordinary CMI share for each ordinary share held in JCI.

The rights offer is subject to the JSE granting listings of the renounceable (nil paid) letters of allocation and the ordinary shares of CMI issued pursuant to the rights offer.

It has been decided not to seek a quotation on the The Stock Exchange in London ("SEL"). However, it is anticipated that dealings will be allowed on the SEL under the provisions of Rule 535.4a which permits dealings where the principal market is outside the United Kingdom and the Republic of Ireland.

Ordinary members of JCI who are registered at the close of business on Friday 26 September 1986 will be entitled to participate in the rights offer. In this connection the share registers of JCI will be closed from 27 September to 5 October 1986 both days inclusive.

CMI shares will not be registered with the Securities and Exchange Commission, Washington D.C., or the Securities Commission of Canada and accordingly no offer is being made to persons with registered addresses in the United States of America or Canada. The rights which would otherwise have been allocated to such persons will, if possible, be sold on their behalf and the net proceeds will be remitted to them.

The rights offer circular which will include the renounceable (nil paid) letter of allocation and the CMI pre-listing statement is being finalised and will, subject to the rules, requirements and procedures of the JSE, be posted to ordinary members of JCI at the beginning of October 1986.

Johannesburg, 11 September 1986

U.S. \$100,000,000 Guaranteed Floating Rate Notes due 1994
Citicorp Overseas Finance Corporation N.V.
(Incorporated with limited liability in the Netherlands Antilles)
Unconditionally guaranteed by CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 6 1/2% and that the interest payable on the relevant interest Payment Date, December 12, 1986, against Coupon No. 31 in respect of US\$1,000,000 nominal of the Notes will be US\$15.64.

September 12, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

All these securities having been sold, this announcement appears as a matter of record only.

U.S. \$230,000,000
Italex Limited
(Incorporated in the Cayman Islands with limited liability)

Unsecured Floating Rate Notes due 1989 to 1992
The issue price of the Notes is 100 per cent. of their principal amount

- | | |
|--|---|
| Morgan Grenfell & Co. Limited | IMIL (IMI Group) |
| CIBC Limited | Deutsche Bank Capital Markets Limited |
| Italian International Bank Plc
<i>Monte dei Paschi di Siena Banking Group</i> | Merrill Lynch Capital Markets |
| Mitsubishi Finance International Limited | |
| Banca Manusardi & C. | Banca Nazionale del Lavoro |
| Banco di Napoli | Bankers Trust International Limited |
| Bank of Yokohama (Europe) S.A. | Chase Investment Bank |
| Chemical Bank International Limited | Crédit Commercial de France |
| Crédit Lyonnais | Credito Italiano |
| Daiwa Bank (Capital Management) Ltd | First Chicago Limited |
| First Interstate Capital Markets Limited | Fuji International Finance Limited |
| EF Hutton & Company (London) Ltd | IBJ International Limited |
| Istituto Bancario San Paolo di Torino | Kyowa Bank Nederland NV |
| Samuel Montagu & Co. Limited | Morgan Guaranty Ltd |
| Morgan Stanley International | Prudential Bache Securities International |
| Sairwa International Limited | Saudi International Bank
<i>Al-Bank Al-Saudi Al-Ahrami Limited</i> |
| Standard Chartered Merchant Bank | Takagin International Bank (Europe) S.A. |
| Tokai International Limited | S.G. Warburg & Co. Ltd. |
| Westpac Banking Corporation | |

All these securities having been sold, this announcement appears as a matter of record only.

BANCO CENTRAL, S.A.
(Incorporated in the Kingdom of Spain with limited liability)

1,200,000 Ordinary Shares
Ptas. 500 Nominal Value

Morgan Grenfell & Co. Limited	Deutsche Bank <i>Aktiengesellschaft</i>
Banca Nazionale del Lavoro	Banque Indosuez
The Nikko Securities Co. (Europe) Limited	First Chicago Limited
Berliner Handels-und Frankfurter Bank	B. Metzler Seel. Sohn & Co.
Merck, Finck & Co.	Sal. Oppenheim Jr. & Cie.

U.K. Brokers:
Quilter Goodison & Co. Ltd.

Jardine Matheson (Finance) Limited

HK\$1,000,000,000 9 1/2% Guaranteed Unsecured Loan Stock 1984/95

Notice is hereby given that the Register of Holders of the 9 1/2% Guaranteed Unsecured Loan Stock 1984/95 ("Loan Stock") will be closed from 1st October, 1986 to 15th October, 1986 (both dates inclusive) to establish the identity of those Loan Stockholders entitled to the half-yearly interest payment, payable on 15th October, 1986.

In order to qualify for the interest payment all transfers, accompanied by the relevant Loan Stock certificates, must be lodged with the Company's Registrars, Central Registration Hong Kong Limited, not later than 4.00 p.m. on 30th September, 1986.

Jardine Matheson (Finance) Limited
Jardine, Matheson & Co., Limited
Secretaries

Hong Kong 12th September, 1986.

U.S. \$200,000,000

MARINE MIDLAND BANKS, INC.

Floating Rate Subordinated Notes Due 2000

Interest Rate	6% per annum
Interest Period	12th September 1986 12th December 1986
Interest Amount per U.S. \$50,000 Note due 12th December 1986	U.S. \$758.33

Credit Suisse First Boston Limited
Agent Bank

PNC Financial Corp
U.S. \$100,000,000
Floating Rate Subordinated Notes Due 1997

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period 12th September, 1986 to 12th December, 1986 has been fixed at 6% per annum. Interest payable on 12th December, 1986 will be U.S. \$151.67 per U.S. \$100,000 Note.

Agent
Morgan Guaranty Trust Company of New York
London Branch

INTERNATIONAL COMPANIES and FINANCE

JP Morgan elects English president

MR DENNIS WEATHERSTONE, a 55 year old Englishman, has been elected president of J. P. Morgan in a move which makes him the leading contender for the chairmanship at the New York bank...

Clare Pearson on the outcry over the flood of equity-warrant bonds

Japanese follow fashion and ignore reaction

THE FASHION for arranging equity-warrant bonds for Japanese companies was never more clearly demonstrated than when Nomura International launched a \$200m deal for Asahi Chemical this week...

Yamaichi International set in train the trend to 3 1/2 per cent coupons on five-year issues with a deal for Asahi Corporation, launched at the end of last month...

between 1 1/2 and 2 per cent can be achieved. Companies can gain a significant yield pick-up by investing money at these rates in the fixed interest securities markets...

Warrants issues for companies geared to the Japanese domestic market, which stand to gain most from the domestic economic stimulation package being prepared are still in favour.

Tokyo fees undercut by foreign brokers

BY YOKO SHIBATA IN TOKYO

THE six US and UK stock brokers, which earlier this year became members of the Tokyo Stock Exchange, have already found a niche in the market. They are using their London and New York offices to help institutional investors avoid Tokyo's high brokerage commission rates...

Selling wave hits bond market

BY CLARE PEARSON

PRICES OF floating-rate notes (FRNs) collapsed along with fixed-rate deals yesterday, even so Province of Quebec issued a \$300m 15-year FRN.

and issue price at 114 1/2, although the deal is redemptible at par. High coupon bonds of this type appeal to Japanese insurance companies which want to improve immediate gains.

and issue price at 114 1/2, although the deal is redemptible at par. High coupon bonds of this type appeal to Japanese insurance companies which want to improve immediate gains.

Credit for German metals unit

By Peter Montagnon, Euromarkets Correspondent

METALLGIESSCHAFT, the West German metals and engineering group, has arranged a \$78m revolving credit as part of a multiple loan facility designed to add to its flexibility in short-term borrowings.

Grundig cuts losses sharply

BY OUR FINANCIAL STAFF

GRUNDIG, the West German consumer electronics company now run by Philips of Holland, has cut its losses sharply in the year to March 31, beating its own forecast and reinforcing its aim of a return to profitability this year.

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FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on September 11

Table with columns for Bond Name, Issuer, Maturity, Price, and Yield. Includes sections for US Dollars, Other Securities, and Floating Rate Notes.

This announcement appears as a matter of record only.



Banco Mexicano Somex, S.N.C.

U.S. \$75,000,000 Floating Rate Notes due 1991

Arranged by First Interstate Capital Markets Limited

Lead Managers: First Interstate Bank Limited, Lloyds International Corporation, Westdeutsche Landesbank Girozentrale

Banks: Arab Banking Corporation, B.S.C., First Interstate Bank of California, Lloyds Bank International (Bahamas) Limited, Westdeutsche Landesbank Girozentrale, Banco Totta e Acores, Bankers Trust Company, Credit Suisse, Banque Indosuez

Banco Português do Atlântico, Cayman Islands Branch

Agent: First Interstate Capital Markets Limited

September 1986

CME aims for Australian \$ futures trading

By Alexander Niveli, Duerrenschmidt, Switzerland

THE CHICAGO Mercantile Exchange (CME) said yesterday that it was seeking regulatory approval to trade futures on the Australian dollar.

Mr William Brodsky, the exchange's president, said the Australian dollar was the most actively traded currency in the foreign exchange market which has not yet traded on the CME, which trades futures on six currencies.

Swiss issues top SFr 100bn level in 1985

By John Wick in Zurich

THE VALUE of outstanding bonds issued by Swiss borrowers passed the SFr 100bn for the first time in 1985, according to estimates by Union Bank of Switzerland.

September 1986

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. \$200,000,000



NATIONAL BANK OF CANADA

Floating Rate Deposit Notes Due 1996

MORGAN STANLEY INTERNATIONAL

CREDIT SUISSE FIRST BOSTON <i>Limited</i>	GOLDMAN SACHS INTERNATIONAL CORP.	SOCIETE GENERALE
BANK OF YOKOHAMA (EUROPE) S.A.	LTCB INTERNATIONAL <i>Limited</i>	
MERRILL LYNCH CAPITAL MARKETS	MORGAN GUARANTY LTD	
ARAB BANKING CORPORATION (ABC)	BANKAMERICA CAPITAL MARKETS GROUP	
BANK OF TOKYO INTERNATIONAL <i>Limited</i>	BANKERS TRUST INTERNATIONAL <i>Limited</i>	
BANQUE BRUXELLES LAMBERT S.A.	BANQUE INDOSUEZ	BANQUE NATIONALE DE PARIS
BANQUE PARIBAS CAPITAL MARKETS <i>Limited</i>		CREDIT LYONNAIS
DAI-ICHI KANGYO INTERNATIONAL <i>Limited</i>	FIRST INTERSTATE CAPITAL MARKETS <i>Limited</i>	GENERALE BANK
GULF INTERNATIONAL BANK B.S.C.	MANUFACTURERS HANOVER <i>Limited</i>	
NETSUUBISHI FINANCE INTERNATIONAL <i>Limited</i>	SAMUEL MONTAGU & CO. <i>Limited</i>	
THE NATIONAL BANK OF KUWAIT S.A.K.	NIPPON CREDIT INTERNATIONAL (HK) LTD.	
SAITAMA BANK (EUROPE) S.A.	SANWA INTERNATIONAL <i>Limited</i>	
SUMITOMO FINANCE INTERNATIONAL	TAIYO KOBE INTERNATIONAL <i>Limited</i>	
TAKUGIN INTERNATIONAL BANK (EUROPE) S.A.	YASUDA TRUST EUROPE <i>Limited</i>	

September 1986

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. \$150,000,000



NATIONAL BANK OF CANADA

Floating Rate Debentures, Series 7, Due 1998

MORGAN STANLEY INTERNATIONAL

CREDIT SUISSE FIRST BOSTON <i>Limited</i>	GOLDMAN SACHS INTERNATIONAL CORP.	
BANK OF YOKOHAMA (EUROPE) S.A.	LTCB INTERNATIONAL <i>Limited</i>	
MERRILL LYNCH CAPITAL MARKETS	MORGAN GUARANTY LTD	SOCIETE GENERALE
ARAB BANKING CORPORATION (ABC)	BANK OF TOKYO INTERNATIONAL <i>Limited</i>	
BANKERS TRUST INTERNATIONAL <i>Limited</i>	BANQUE BRUXELLES LAMBERT S.A.	
BANQUE INDOSUEZ	BANQUE NATIONALE DE PARIS	BANQUE PARIBAS CAPITAL MARKETS <i>Limited</i>
CREDIT LYONNAIS	DAI-ICHI KANGYO INTERNATIONAL <i>Limited</i>	DEN NORSE CREDITBANK
GENERALE BANK		GULF INTERNATIONAL BANK B.S.C.
KREDIETBANK INTERNATIONAL GROUP	MANUFACTURERS HANOVER <i>Limited</i>	
NETSUUBISHI FINANCE INTERNATIONAL <i>Limited</i>	SAMUEL MONTAGU & CO. <i>Limited</i>	
THE NATIONAL BANK OF KUWAIT S.A.K.	THE NATIONAL COMMERCIAL BANK (SAUDI ARABIA)	
NIPPON CREDIT INTERNATIONAL (HK) LTD.	SAITAMA BANK (EUROPE) S.A.	
SANWA INTERNATIONAL <i>Limited</i>	SUMITOMO FINANCE INTERNATIONAL	
TAKUGIN INTERNATIONAL BANK (EUROPE) S.A.	YASUDA TRUST EUROPE <i>Limited</i>	

September 1986

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. \$150,000,000



7 7/8% Deposit Notes Due June 30, 1991
120,000 Warrants to Put on June 30, 1989
U.S. \$120,000,000 of the Deposit Notes

MORGAN STANLEY INTERNATIONAL	THE BANK OF NOVA SCOTIA CHANNEL ISLANDS <i>Limited</i>
BANQUE BRUXELLES LAMBERT S.A.	BANQUE GENERALE DU LUXEMBOURG S.A.
BAYERISCHE LANDESBANK <i>Girozentrale</i>	BURNS FRY <i>Limited</i>
CHEMICAL BANK INTERNATIONAL GROUP	CREDIT SUISSE FIRST BOSTON <i>Limited</i>
GOLDMAN SACHS INTERNATIONAL CORP.	McLEOD YOUNG WEIR INTERNATIONAL <i>Limited</i>
MORGAN GUARANTY LTD	SANWA INTERNATIONAL <i>Limited</i>
J. HENRY SCHRODER WAGG & CO. <i>Limited</i>	UNION BANK OF SWITZERLAND (SECURITIES) <i>Limited</i>
WESTDEUTSCHE LANDESBANK <i>Girozentrale</i>	WOOD GUNDY INC.

September 1986

All of these Securities have been sold. This announcement appears as a matter of record only.

N.Z. \$50,000,000



18 1/2% Deposit Notes Due 1989

MORGAN STANLEY INTERNATIONAL

BANQUE BRUXELLES LAMBERT S.A.	BANQUE GENERALE DU LUXEMBOURG S.A.
BAYERISCHE LANDESBANK GIROZENTRALE	GOLDMAN SACHS INTERNATIONAL CORP.
BANK FUER GEMEINWIRTSCHAFT <i>Aktiengesellschaft</i>	THE BANK OF NOVA SCOTIA CHANNEL ISLANDS <i>Limited</i>
BANQUE PARIBAS CAPITAL MARKETS <i>Limited</i>	CHEMICAL BANK INTERNATIONAL GROUP
CREDIT SUISSE FIRST BOSTON <i>Limited</i>	DAIWA EUROPE LIMITED
GIROZENTRALE UND BANK DER OESTERREICHISCHEN SPARKASSEN <i>Aktiengesellschaft</i>	DOMINION SECURITIES PITFIELD <i>Limited</i>
McLEOD YOUNG WEIR INTERNATIONAL <i>Limited</i>	MERRILL LYNCH CAPITAL MARKETS
NEDERLANDSE CREDIETBANK N.V.	THE NIKKO SECURITIES CO., (EUROPE) LTD.
NOMURA INTERNATIONAL <i>Limited</i>	RABOBANK NEDERLAND
J. HENRY SCHRODER WAGG & CO. <i>Limited</i>	WOOD GUNDY INC.
	SANWA INTERNATIONAL <i>Limited</i>
	YAMAICHI INTERNATIONAL (EUROPE) <i>Limited</i>

September 1986

THE ISLE OF WIGHT

Aviation, boatbuilding and electronics are the three industrial areas which the Isle of Wight hopes to expand but for tourism and agriculture tougher times lie ahead

Still lacking a unified voice

JUST A couple of miles of crowded water separate the Isle of Wight from South Hampshire but the great divide which both moulds and separates the island community continues to dominate its fortunes and its thinking.

Many attempts have been made to join the island both administratively and physically to the mainland but all have failed. A combination of dogged self-determination and natural talent have helped to create a very pleasant, sometimes successful, sometimes reactionary lifestyle.

Although lumped into prosperous south Hampshire and therefore given little political sympathy, the island has an unemployment rate of about 18 per cent in the winter when the seasonal tourism jobs come to an end. With a further 45 per cent of the population being retired, that can mean a disturbingly low active percentage of the population.

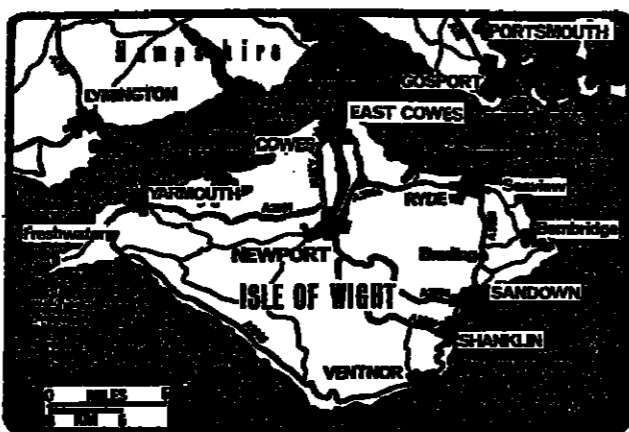
New studies and plans are being devised to boost the economy although existing companies do well in some of the most fiercely competitive markets.

There is no one perception of the island despite the confines of 110 square miles sitting off the central southern coast of Britain. To many families, the island is a southern cluster of summer holiday towns; to yachtsmen it is Cowes with the occasional foray to Bembridge, Ryde, Seaview or, at the western end, Yarmouth.

To generations of pilots it is a centre of aircraft development, the home of the hovercraft. To electronics engineers it is the home of Plessey Radar; and to the more recalcitrant in society it means Parkhurst, Albany and Camp Hill prisons.

At every turn the island demonstrates an example of the present face of the British economy. The farmers are having to cope with surpluses, quotas and crop substitution. At least they have a favourable climate to help them.

The tourist industry has been hit generally by the downturn in popularity of the older British resorts. This has been



Report written by Stuart Alexander

compounded by both two years of poor summers and an embarrassing collapse of the local tourist board which had to go into voluntary liquidation with debts of about £200,000 and then turn to the Southern Tourist Board, on the mainland at Eastleigh for new leadership and planning.

Both the British Hovercraft Corporation, as part of Westland, and Plessey have recently been at the centre of considerable doubt about their future; in both cases unions and management joined together to fight proposals which would have seen them taken over by groups which may not have seen the island plants as indispensable. Even then they are fighting in world markets where the competition is very hard and often influenced by government intervention.

The Islander aircraft can be found all over the world, but has faced a downturn in global markets, though the company is now confident that its Defender version, carrying an early warning or battle surveillance system, will boost production and jobs.

Perversely, the neighbouring ARV company which has pioneered a lightweight training aircraft, and needs extra production capacity may be lost to the island because of substantial cash incentives offered by another region of the UK

enough of them—to Yarmouth, Cowes and Ryde and the new Sealink hover service has won plaudits for comfort and criticism for increased fares.

The new chairman of the Development Board, Sir John Nicholson, a former Lieutenant Governor and commodore of the Royal Yacht Squadron, says he sees the future in three areas, aviation, boatbuilding and electronics—the important sector of tourism is being handled separately. There are high hopes that a technology park will be established by the end of the year but this is dependent on finding a private developer to put up the funds.

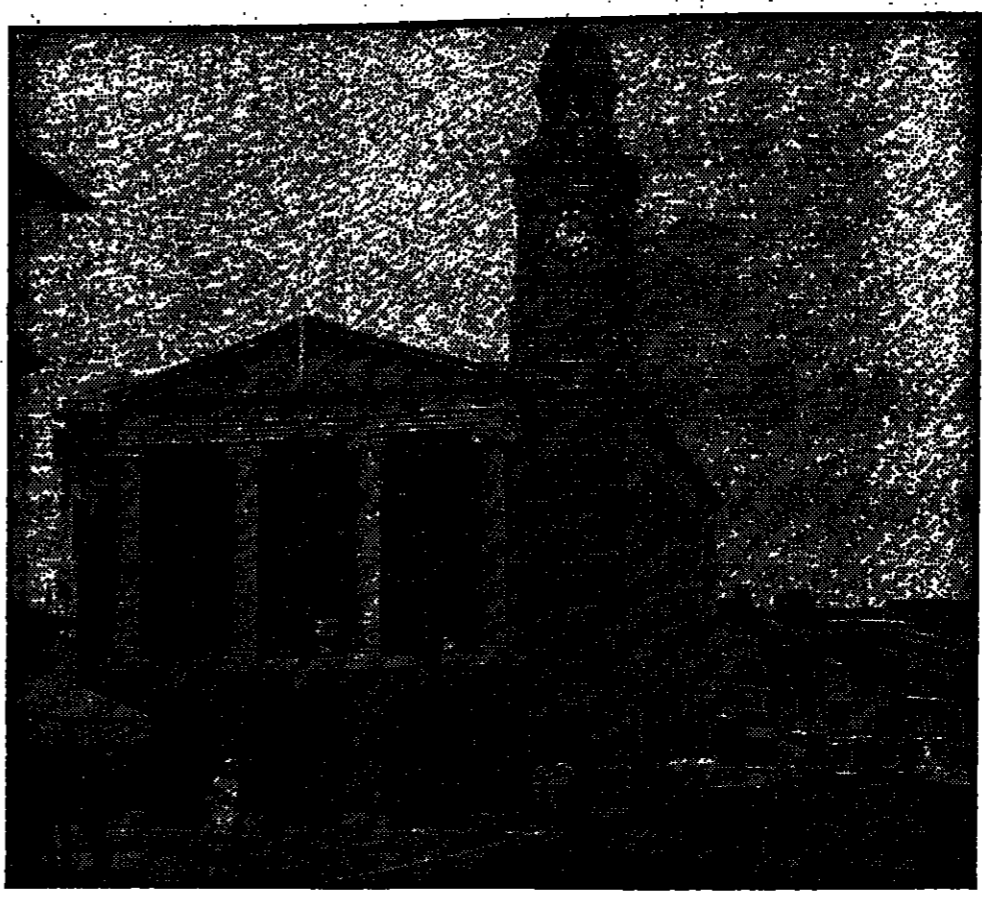
He justifies basing his efforts this way on a combination of established skills and the need to concentrate on high value, low volume goods which will not be affected by additional trans-Solent shipment costs.

He is also conducting a poll of the near-6,000 unemployed to see what skills and aspirations exist in order to match the remedies to the need. He is being helped in this by the Isle of Wight College of Arts and Technology, which has a series of courses in partnership with local industry in order to try and compensate for the fall-off in the training and apprenticeship programmes conducted by industry and commerce itself.

They also manage to attract over 10,000 people through their doors in any one academic year; that is nearly 10 per cent of the population, good wage-generating statistics and a reflection of the way in which the islanders are determined to help themselves.

There will always be individuals who win through and one example is Brian Stilwell who brought a small printing business down from Weybridge in Surrey, developed the process by which the same techniques can be used to make the touch keyboards for computers and car dashboard instruments and ended up supplying first Sinclair and now IBM, Philips and Ford.

His company is to be floated on the Unlisted Securities Market at the turn of the year



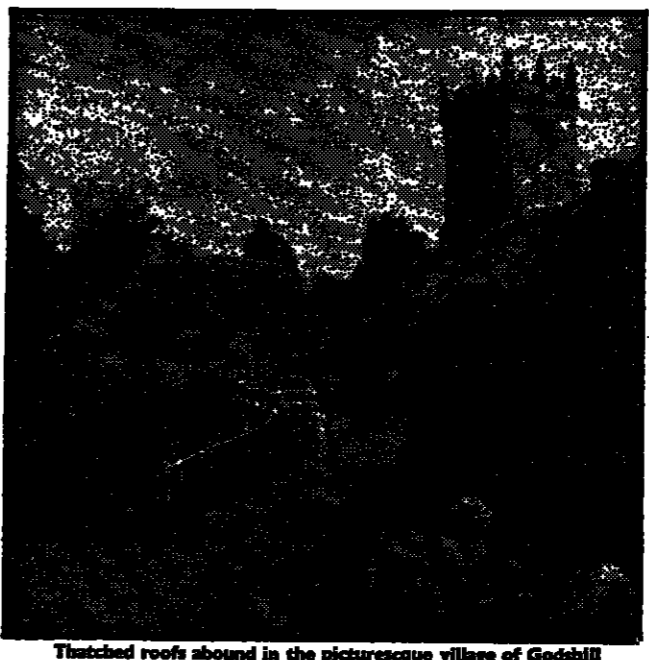
Newport's High Street from the Guildhall

and his 300 employees can take pride in being part of that success.

Other individuals have differed and tougher struggles. Best known on the island is its MP Stephen Ross, who has also been leader of the County Council. He has fought the ferry companies over fares, the Government over subsidies, support and administration, and his own colleagues, Liberals, and opposition Tories alike—the Labour party has not found the island fertile ground—over the need to give enterprise support and the room to breathe.

He will not be standing at the next election so the island must find a new champion, but he remains firmly convinced that, above all, there is a need for less government by a multiplicity of councils and their myriad officials and another attempt to concentrate power and strategic direction in one council and an island leader with business flair.

But he remains enchanted with an island that has all the attributes of Brittany: coastline, beaches, shellfish, scenery, tourism and good local food,



Thatched roofs abound in the picturesque village of Godshill

Tourism

New recipe for success

THIS YEAR John Slater took his wife and family for a holiday on the Isle of Wight. Not exactly earth-shattering news given that many other people do the same and have done so for years. The difference is that John Slater is boss of the Southern Tourist Board and Director of the Isle of Wight Tourist Board.

A husband's holiday, then, and taken at a time when there is a great deal of pressure for an improvement in the island's tourism structure and fortunes, at the end of a summer which has been encouraging for holidaymakers.

The island has been attracting tourists for a long time. The Royal Yacht Squadron settled here over 150 years ago and Queen Victoria's visit to the holiday castle there. The climate can be sharply different from the mainland but the southern coast resorts of Sandown, Shanklin and Ventnor regularly feature at the top of the sunshine league tables for British holiday resorts.

But the aristocratic image suggested by its former patrons and reinforced by the houses still maintained at Seaview and Bembridge contrasts sharply with the majority of the island's tourists taking traditional one or two-week summer holidays in boarding houses and small hotels.

It is known quite how many people visit the island each year but the official statistics estimate over 900,000 will stay for a week or longer this year and there will have been a further 750,000 day visitors. But this does not take into account the thousands of yachtsmen who call in. What is known is that this compares with a peak of 1.5m staying for a week or longer in 1978-79.

At the same time the island has been wrestling with the problem of attracting a new kind of holidaymaker to the island—and the financial backers to put in the facilities—at a time when its own tourist board efforts are in disarray and have had to be picked up at short notice by the Southern Tourist Board. The islanders don't like having to turn to the mainland for help.

Like everything else on the island, its attraction to holidaymakers is varied and fragmented. It should be a centre for yachting holidays, it has glorious walks and scenery in the island—and the traditional in the south-east, it has opportunities for "gites" holidays in the centre and plans for an international golf course supported by a hotel.

Sadly, its combination of coastline and scenery has been left to humble along for itself, while the traditional holidaymaker has always been faced by a powerful group making

sure that the environment for residents was not spoiled. It has suffered from a lack of investment by the small operators, and failure to provide a substantial promotional campaign but that seems to be changing. Recently, there has been a strong positive response from all sections of the community—the councils and the commercial sector.

The job of the newly-constituted tourist board is to persuade everyone to head in the same direction. In addition to the support of the councils and the development board in terms of infrastructure support has been given £87,000 in cash, is due to receive more and has set itself a budget of £500,000 for the current 12 months. The rest of the money should come from the commercial sector and, most importantly, from funds which it can itself generate.

John Slater has set to work to produce new objectives, a new business plan and a new image for the island. The Isle of Wight is going to be given the riverside look, sold more aggressively overseas, be packaged for more affluent short-break holiday-makers even be given a range of clothes to go with it.

"The island needs two or three flagship developments to boost confidence, add style and pull in the people," he says, adding that the new golf course, being surveyed by the Eluz family at Godshill and management consultancy polish by Touche Ross plus a £5m self-catering development planned by Peter Rogers at the Lower Ryde Leisure Park, are examples of the way in which differing interests would be satisfied.

He recognises that the board

must first protect the bread and butter main season of summer holidays which support the workforce and businesses—even ignore that at your peril—but having done that he wishes to diversify. He wants, also, to get people working together, the ferry companies because their fortunes are so inextricably linked to the fortunes of the island yet whose pricing structure mitigates against short-break holidays for people with cars; the local councils so that investors, travel operators and journalists will see a real will to succeed; and the industry itself so that the island can deliver on the promises it makes and achieve the potential it undoubtedly possesses.

"We are committed and will do all that we can to help," he says.

"While still working hard for the whole of the southern region in any capacity as director of the STB, that board has given me full backing for the work we are doing on the Isle of Wight and we are now well advanced with plans for 1987 which will see a major promotional push in London and the south-east as well as in the Midlands.

"It is successful commercial groups like Warner Brothers still see good sense in investing in their holiday camps and if over 1m people a year visit Dick Dabell's fantasy theme park Black Gang, China—and the whole world has heard of Cowes Week—then I am sure we can attract many many more to the very varied and interesting leisure opportunities the island has to offer. Those who know what they are doing will succeed."

Property

House prices move up

IS THERE a boom around the corner in the Isle of Wight property market? It is easy to look for reasons why a market seemingly stuffed with bargains must eventually be discovered and given a major boost in values, but apart from shops in the centre of Newport, office, commercial and industrial premises remain static in price. Only house prices have benefited from a healthy rise in percentage terms.

For the first time buyer or a family looking for a low-cost holiday home, the island has many to offer, both inland and near the yachting centres. According to Mr David Bull, a partner in Sir Francis Pitts and Son, residential property prices, as on the mainland, have been running well ahead of inflation and he expects an average 20 per cent increase this year.

This means that the opportunity, available until recently, to buy a house for under £20,000 has all but disappeared and the market is even thin under £30,000 with considerably increased activity up to £40,000. But at the top end of the market, say over £200,000, there has been very little movement or increase, which is in sharp and increasing contrast as one travels over the water to Hampshire and towards London.

Once again the Solent has its influence with the double-edged sword of cutting the cost of living and home ownership for the young workforce and families on the island, and giving incoming executives the chance either to trade up in the size of their home or free some capital from the more expensive property they have relinquished. At the same time, the reverse is the case when it comes to trying to leave the island again.

Certainly, there are some homes, large and small, with fine views which have been sold or the ever-changing backdrop of the Solent and southern coast at prices which would make the average London executive wince in disbelief. But there is a shortage of the sort of graceful country properties which seem to proliferate in Sussex and Hampshire.

There are no big markets in offices, shops or restaurants and nearly any industrial property deal would be done with the aid of the development board or COSIRA. There has been some activity in the Newport area as it continues to develop as the island's principal shopping centre. So far, plans to develop another major centre have been thwarted as there has been vociferous opposition from traders in the smaller towns who say they would be driven out of business and they have been backed by those who rely on those local amenities.

But the establishment of a major Tesco outlet at Ryde had the effect of stimulating trade in the area and any thoughts that the major distributors may have had of raising the petrol price on the island.

Shops in Cowes have been experiencing a hard time, even without that sort of competition. They were particularly increased this year when outside traders were offered taster outlets on the promenade during Cowes Week, a time when the year-round traders hope for a major boost to cash-flow.

With office space available in Newport at £250 a square foot and down to £1 a square foot elsewhere, and industrial premises probably available at the same cost, there is no deterrent to new or incoming businesses. There is always a selection of small hotels and boarding houses for sale and after this year's experience there may be more. The greatest demand is in the Sandown area. There, a new £50,000 to £80,000 with 15 to 20 bedroom hotels commanding £100,000 to £130,000.

The only thing that may be difficult to find is a good new building site but the right development will be given every possible help. There is a site for the first 17-acre phase for the technology park.

The outlook remains secure.

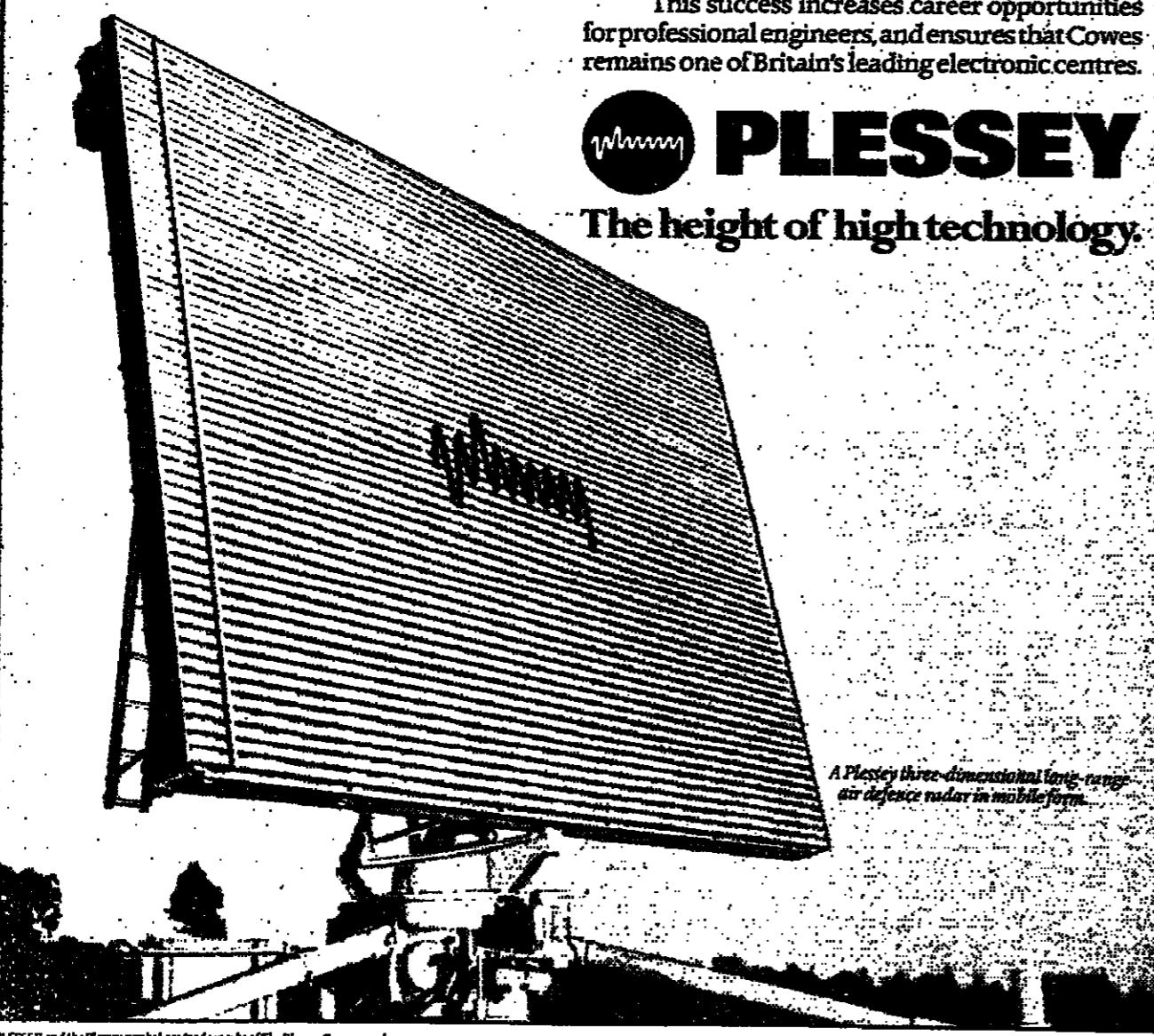
At Cowes on the Isle of Wight, Plessey designs and produces high-technology radar systems for heightened security in defence and civil aviation.

Its long-range and medium-range radar systems are in service in many parts of the world including Asia, Europe, the Middle East, the Falklands and Latin America—deployed by national and international authorities including NATO.

By continually developing its own technology Plessey has become one of the world's leading radar companies.

This success increases career opportunities for professional engineers, and ensures that Cowes remains one of Britain's leading electronic centres.

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A Plessey three-dimensional long-range air defence radar in mobile form.

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ISLE OF WIGHT 2

Agriculture

Emphasis on better marketing



Freshwater Bay and Tennyson Down, typical of the chalk terrain which dominates farming country in this area

WHILE NEARLY every farmer has a tale of gloom and doom to tell when he is out shooting or watching national hunt racing...

The two staple types of farming has traditionally been milk and cereals, with the important addition of a glasshouse horticulture sector...

Although many would argue with the method by which it is reached, only a small proportion of the land is classified as Ministry Grade II...

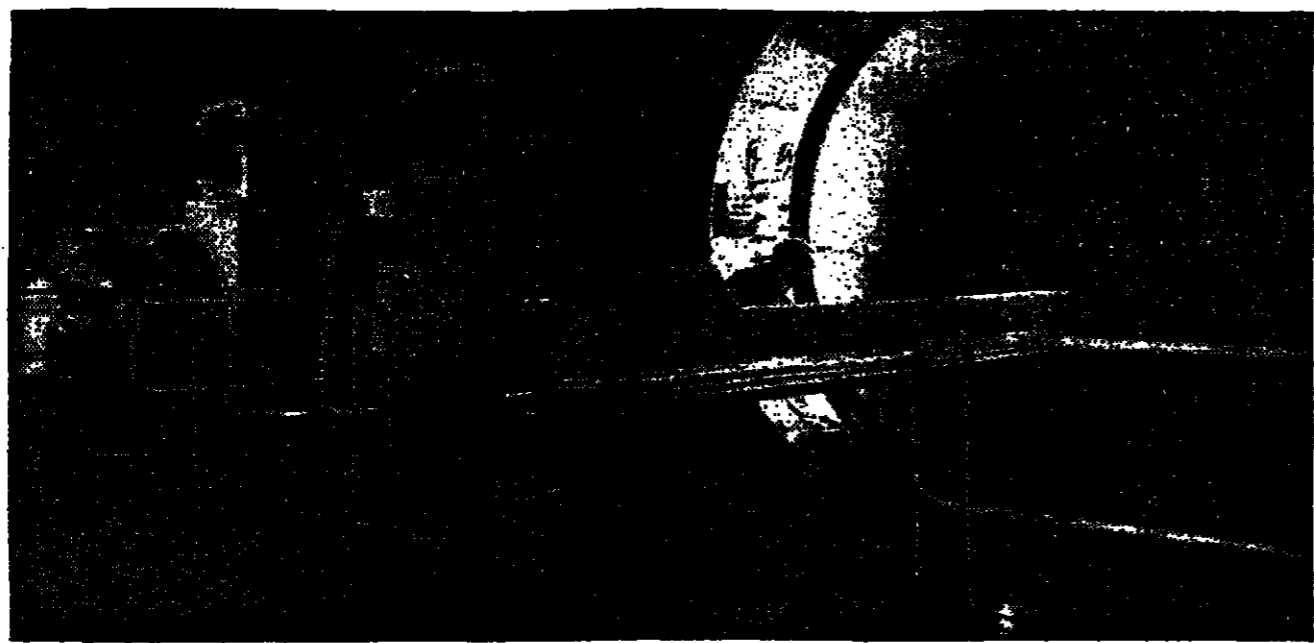
Before milk quotas ever came in generally, there had already been a steady reduction in the number of dairy farms...

There are now about 140 milk producers, compared with 500 in the early Fifties, and the switch from Channel Island cattle to the ubiquitous Friesian...

But all is not airborne warfare. There is a wide variety of industry, often with small companies providing the goods needed to service a small but diverse community...

Strong in the innovation field is the software house System 2000. From small premises in Newport they have developed a method of putting onto computer the medical notes of children being treated at Great Ormond Street Hospital...

Just two miles away a success story of a different kind comes from ARV, which produces the Super 2 light aircraft trainer.



An advanced helicopter blade section being removed from a 26 ft-long autoclave

Industry

Strong in defence services

THE ISLAND'S mainstream industries of aviation, defence electronics, and boatbuilding are all subject to intense international pressure and all have seen their fortunes fluctuate...

As an island community it is not surprising that there is a history of boatbuilding and this was expanded in the early days of flying into an aviation industry...

The company has also linked with Ferranti and Racal in the Boeing bid for Britain's principal airborne early warning system...

Over the river, at West Cowes, and equally adamant that they are not conventional, is Fairley Marine, a company with a proud history, but also its fair share of upheaval...

The British Hovercraft Corporation, part of Westland, is another example of a combination of shipbuilding, aircraft and engineering ingenuity...

It now employs 1,500, compared with 2,300 at its peak. The greater part of the workforce is employed in the production side of the structures division...

They have also cured the noise problem of the early gas turbine-powered models with the introduction of the diesel-powered AP-188...

Not least, the AP-188 has also proved itself in a new role as an icebreaker on the St. Lawrence Seaway...

Further east, at Bembridge and Sandown, the island's remarkable tradition for innovation in aircraft design and production is continued by Pilatus Britten Norman and Noble's ARV...

They also produced the Trislander three-engined light transport craft but hit financial problems first of their own and again when their new parent, Fairley, went into receivership...

More recently, the company under a reciprocal trade agreement has seen its basic aircraft built in Romania...

Just two miles away a success story of a different kind comes from ARV, which produces the Super 2 light aircraft trainer.

These side-by-side two-seaters have a tiny 75 bhp engine, the lightest of controls, and can be packed, when necessary, on to a trailer...

Also involved in aircraft and an example of the way in which the island can spawn its own spin-off industries, is Fascal Electronics Systems of Ryde.

Formed in 1981 by two engineers from Plessey, Martin Bright and David Longford, they make highly sophisticated electronics for use in defence aviation and, through linking up with a sales and marketing organisation at Sunbury, have developed into a 45-employee company on the island.

Just two miles away a success story of a different kind comes from ARV, which produces the Super 2 light aircraft trainer.

Advertisement for the AW Defender helicopter, highlighting its performance, reliability, and features like the 1400hp engine and advanced avionics.

Advertisement for a marina in Cowes, featuring a photograph of a boat and text describing the facilities and location.

Advertisement for Vikki Osborne Breakaway Holidays to the Isle of Wight, offering packages for hotels, self-catering, and holiday centres.

Large advertisement for the Isle of Wight Development Board, titled 'Business is plain sailing on the Isle of Wight', featuring illustrations of sailboats and contact information for Martin Lloyd.

UK COMPANY NEWS

Strikes put Euroferries into the red

STRIKE ACTION at Fortmouth and a 10-week stoppage on the Felixstowe routes during the spring, left the European Ferries Group £4m in the red at the pre-tax level for the first six months of 1986.

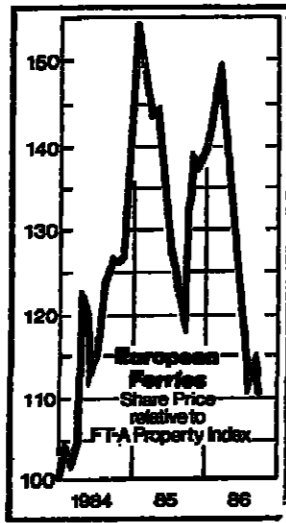
In the corresponding period of 1985, the group saw its profits fall from £11.7m to £5.6m. The directors said yesterday that the results for the opening six months would have been significantly better for the actions taken.

They estimated that without the strikes the results of the shipping division (losses here rose from £0.1m to £8.5m) would have been some £7m better.

The second half of each year, which includes the peak tourist traffic season, traditionally governs overall profitability for the year and currently, carryage were comfortably ahead of 1985.

Group turnover for the first six months declined from £190.8m to £149.1m, and at the operating level there was a loss of £1.6m, compared with previous profits of £4.6m.

Pre-tax figures were struck after adding in a £1.8m (£1m) share of associates' profits and taking account of an exceptional provision of £4.2m, being holding costs written off in Houston, amounting to £3.5m, and redundancy costs in the shipping division totalling £0.7m.



The loss attributable to shareholders worked through at £2.6m (surplus £4.4m). This included a tax credit of £2.1m (nil), minority debits of £0.7m (£0.2m) and an extraordinary debit last time of £1m.

Loss per 25p share amounted to 3p (earnings 1.7p). The interim dividend remains unchanged at 1.1p net.

A divisional breakdown of group turnover and figures prior to exceptional items shows: shipping £112.5m (£118.7m) and loss £8.5m (loss £0.1m); harbour operations £24.7m (£22.4m) and profit £4.9m (£4.5m); overseas property—US £1.1m (£30.7m) and profit £1.1m (£2.7m)—Spain £9.4m (£7.2m) and profit £0.6m (loss £0.5m), and other activities profit £0.6m (profit £0.4m). Head office interest accounted for £0.9m (£2.4m).

The group's harbours performed well despite downward pressure on rates.

The construction of the Trinity container terminal at Felixstowe was completed in July and has started to attract new business.

The directors said that while additional costs will be incurred in the second half as the new terminal becomes fully operational, it was expected to make a contribution to profits next year.

In the US the results of the group's Denver and Atlanta property activities were in line with budget, after writing back a provision of £2.6m made against sales proceeds in earlier years and now released following the securing of certain planning permissions in respect of the land to which those sales related.

The directors pointed out that there had been no improvement in the Houston property market in the four months since the 1985 results were published, and it was, therefore, considered prudent to write off the holdings costs as an exceptional item.

In Spain the group's operations at La Manga Club continued to improve. The investment in Stockley resulted in an increased contribution from UK property.

Mr Geoffrey Parker replaced Mr Kenneth Siddie as executive chairman of the European Ferries Group in July. Mr Siddie has now decided to resign from the group as has Mr John Parsons. Mr Parsons' responsibilities as deputy managing director of Townsend Thoresen's Dover operations will be assumed by Dr David Donhue, currently in charge of the Portsmouth operations.

In June it was announced that a 20.8 per cent stake held in the European Ferries Group by Peninsula & Oriental Steam Navigation was being referred to the Monopolies and Mergers Commission.

The Office of Fair Trading advised by Mr Paul Channon, Trade and Industry Secretary, that the share stake "constituted a material influence by P & O over European Ferries. This raised issues of competition in the market for ferry services, the OFT said.

If the Commission found that the share stake was against the public interest, P & O would be obliged to sell the holding, bought for £96m in December. See Lex

Vickers expands medical activities

By Charles Batchelor

Vickers, the engineering and Rolls-Royce Motors group is paying \$87m (£33.6m) for the hospital products businesses of Healthdyne of the US in a major expansion of its small medical and scientific equipment division.

Healthdyne, Hospital Products' main subsidiary, Air-Shields, made a pre-tax profit of \$7m on turnover of \$61.1m in 1985. Air-Shields is based in Harrisburg, Pennsylvania.

Vickers accompanied the announcement of its proposed US acquisition with its own figures for the first half of 1986 showing an increase in pre-tax profit from \$18.7m to \$21.2m on sales which increased from \$232.6m to \$268m.

The Healthdyne purchase represents Vickers' largest since it began expanding its six core business by acquisition a year ago. Before that the company went through three years of retrenchment and disposals.

Vickers plans to use the Air-Shields sales force to introduce its own medical products, including transportation monitoring systems and syringe pumps, into the US market. The US operation would be known as Air-Shields Vickers.

The activities of the two companies fit well geographically with Air-Shields having large market shares in France, Germany and Japan as well as the US.

Vickers will raise an initial \$50m of the purchase price by making a tender placing of 8.76m shares with the balance of \$6m payable in April 1988.

Lazard Brothers will place the new shares at 385p each in a move which would increase Vickers' issued share capital by 9.4 per cent. Vickers' shares fell 7p yesterday to 421p.

Vickers said its 1986 pre-tax profits should show a reasonable improvement over last year. The progress reported at the annual meeting in all divisions had been maintained with the exception of continuing difficulties in the marine engineering division.

Negotiations for the purchase of the Rural Ordnance tank factory in Leeds announced in July, were proceeding satisfactorily.

AE said it had received forms of withdrawal repurchase almost one-third of the latest figures for acceptances reported by Turner and Newall. This represented more than 3.4m shares.

Operating profit of continued operations was up 14 per cent to \$44.1m, despite a negative currency effect of \$2m, while interest charges were up by 32 per cent to \$27.9m. However, the major areas of advance in the US, Brazil, Canada, France and Japan.

Operating profits from the largest division, "Castrol" lubricants and fuels, were up from \$30.5m to \$36m, with the major areas of advance in the US, Brazil, Canada, France and Japan.

Profits from specialty chemicals rose by 13 per cent to \$4.4m, but the shipping division produced lower profits of \$5.7m (£5.4m).

The interim dividend is held at 4.5p.

At the pre-tax level everything in Burmah Oil's interim statement came up to expectations. But the story did not have a happy ending. The tax bill on continuing business rose by 55 per cent to £15.5m, while the dividend was not increased. Result: the share price dropped 11p to 385p. The company was clearly not to blame for any overheated dividend premium; it has always regarded the interim as merely payment on account, and leaves any increase for the final. But Burmah gave no warning that its tax losses in Germany and the US had simultaneously run out. It now seems that Burmah will be paying tax bills of over 40 per cent for the foreseeable future. There is also an ACT problem in the UK, as the sale of Burmah's North Sea interest has taken away the corporation tax against which dividends can be sheltered. This has resulted in an extraordinary write off of £11.3m in respect of past ACT, and a provision of £2.5m for the current year. But at least the high tax bill overseas is a reflection of Germany's success in generating profits, which its North Sea operations showed little sign of doing. On forecasts of unchanged full year net profits of £51m the shares are on a multiple of about 12 which leaves little room for outperformance.

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Burmah Oil earnings fall after high tax charge

Burmah Oil yesterday gave the City a small jolt by announcing a drop in after-tax profits for the first half of 1986 from £22m to £20.7m, pushing the shares down 15p to 381p.

Profits before tax of £37.6m were £2.5m higher than in the first half of last year, and were as expected. However analysts were surprised at the sharp rise in the tax charge to 45 per cent, due to a larger proportion of profits being made overseas.

Burmah also announced yesterday the sale for £14.2m of the remaining parts of Quinton Hazell, the automotive group, to Echlin, a US manufacturer of car parts. The sale, which completes the £20m disposal of the group is a part of a sweeping reorganisation of the company.

Since the beginning of 1986, Burmah has sold off a number of peripheral companies, has pulled out of oil exploration and production; sold its Bahamas Terminal companies; raised \$86m through a rights issue, and has spent £40m on a number of small speciality chemical companies.

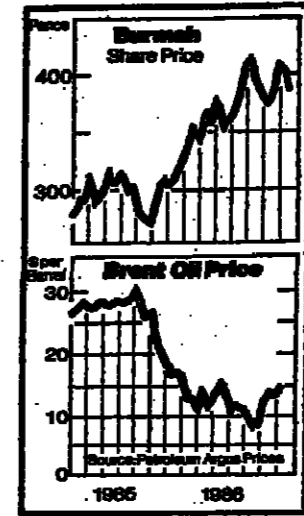
The interim results mark the successful transformation of Burmah into a compact group, and show that its three core divisions are doing well, the company said yesterday.

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At the pre-tax level everything in Burmah Oil's interim statement came up to expectations. But the story did not have a happy ending. The tax bill on continuing business rose by 55 per cent to £15.5m, while the dividend was not increased. Result: the share price dropped 11p to 385p. The company was clearly not to blame for any overheated dividend premium; it has always regarded the interim as merely payment on account, and leaves any increase for the final. But Burmah gave no warning that its tax losses in Germany and the US had simultaneously run out. It now seems that Burmah will be paying tax bills of over 40 per cent for the foreseeable future. There is also an ACT problem in the UK, as the sale of Burmah's North Sea interest has taken away the corporation tax against which dividends can be sheltered. This has resulted in an extraordinary write off of £11.3m in respect of past ACT, and a provision of £2.5m for the current year. But at least the high tax bill overseas is a reflection of Germany's success in generating profits, which its North Sea operations showed little sign of doing. On forecasts of unchanged full year net profits of £51m the shares are on a multiple of about 12 which leaves little room for outperformance.

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Hogg Robinson agrees sale of Janson Green

Shareholders in Hogg Robinson, the insurance broking group, are expected to hear next month the results of protracted talks over the company's sale of its interest in Janson Green, one of its most prominent underwriting agencies at Lloyd's of London.

Mr Albert Wheway, Hogg Robinson's chairman, told its annual general meeting yesterday that agreement on the sale had been reached subject to approval by shareholders and the committee of Lloyd's.

Hogg Robinson now holds 20 per cent of the voting shares and 100 per cent of the non-voting shares in Janson Green. Like other Lloyd's brokers, it must divest itself of its interest in underwriting agencies by next June in accordance with the 1982 Lloyd's Act.

Janson Green's present management is to buy the agency, on terms giving Hogg Robinson a share of underwriting commissions for 1984 to 1988. A circular setting out the terms will probably be sent to Hogg Robinson shareholders around the beginning of next month, with an extraordinary general meeting likely to be in November.

Laing boosted by housebuilding

BY ALICE RAWSTHORN

THE Laing construction group yesterday announced a 7 per cent increase in pre-tax profits to £12m for the first half of 1986. The growth was fuelled by progress in its housebuilding division.

In the six months Laing's turnover fell slightly to £368m (£375m) chiefly due to the trend towards construction contract management for which the group is paid a fee.

The trading surplus rose to £10.4m (£8.7m). Housing accounted for some 75 per cent of this surplus compared to 50 per cent in the same period last year.

Earnings per share increased to 14.2p (12.2p) and the directors propose to pay a dividend of 2.5p (2p) for both classes of ordinary shares. Laing's share price fell by 8p to 420p yesterday.

In the first half of the year Laing completed the sale of 1,000 houses and plans to complete on 2,500 by the year end, compared to just over 2,000 last year. The group also proposes to increase its investment in sheltered housing.

"The impetus that was given to the housing activity some years ago continues to produce good results," said Mr Martin Laing, the chairman.

"The majority of Laing Homes developments are in the south east where demand remains strong. We anticipate that this demand will continue for at least the next 12 months," he added.

In the construction division conditions were more difficult. Laing has experienced some recovery in demand within building, almost solely from the private sector, but civil engineering is still intensely competitive both in the UK and overseas.

"The construction order book for building and civil engineering remains at a satisfactory level. We continue to be highly selective overseas," said Mr Laing.

"Overall, we anticipate that pre-tax profit for 1986 will be some 5 per cent better than 1985 with housing activity again expected to be the main contributor."

Had it not been for a timely diversification into house building the five years ago Laing would now be bearing the full brunt of the construction industry's troubles. As it is housebuilding is booming and Laing, with its base in the South East and Scotland, is perfectly placed to benefit. Margins may be rather tighter in the sheltered housing sector and Laing may not be the only company to have identified it as a growth market. But house building should show profits growth of 25 per cent this year. The outlook for construction is rather bleak. Laing talks enthusiastically about expansion within energy and environmental services but the real scope for growth lies in a renaissance of civil engineering. Along with the rest of the industry, Laing will have to wait for the return of the Channel Tunnel, Stanstead Airport, or Canary Wharf in which it holds a stake - or of a Labour Government before that happens. In the meantime the City expects profits of £88m for the full year putting the shares on a prospective p/e of 9.5.

UK COMPANY NEWS



Interim dividend 1986

The Supervisory Board and the Board of Management of Royal Dutch Petroleum Company have decided to pay an interim dividend in respect of the financial year 1986 of N.L. 4.50 per ordinary share with a par value of N.L. 10.

In the case of holders of bearer certificates with coupons this interim dividend will be payable against surrender of coupon No. 180 on, or after 23rd September, 1986, at the offices of:

N.M. Rothschild & Sons Limited,
New Court, St. Swithin's Lane,
London EC4P 4DU

on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in London at 2 p.m. on 16th September, 1986, in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by a presentation form, copies of which can be obtained from N.M. Rothschild & Sons Limited.

In the case of shares whose dividend sheets were, at the close of business on 12th September, 1986, in custody of a Depository admitted by Centraal voor Fondsenadministratie B.V., Amsterdam, this interim dividend will be paid to such Depository on 23rd September, 1986. Such payment will be made through the medium of N.M. Rothschild & Sons Limited, after receipt by them of a duly completed CF Dividend Claim Form.

Where under the double tax agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 14 per cent instead of at the Basic Rate of 29 per cent represents a provisional allowance of credit at the rate of 15 per cent.

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax at the basic rate.

The Hague, 11th September, 1986.
THE BOARD OF MANAGEMENT

Rowntree shares tumble after static first half

IN LINE with its predictions last month, Rowntree Mackintosh, the confectionery, snack foods and grocery products group, yesterday turned in static profits for the first half of 1986.

Pre-tax figures edged ahead from £20.5m to £20.8m, which failed to impress the stock market and the shares were marked down 3 1/2p to 332p. Last month, Rowntree announced a £14m rights issue to fund the purchase of Summark, a US maker and distributor of branded sugar confectionery and snack foods.

Group turnover for the period fell from £519.4m to £500.5m. While trading profits rose 3 per cent to £29.9m (£29.1m), higher interest of £9.1m (£8.6m) and tax of £4.8m (£4.5m) left stated earnings per 50p share static at 9.4p.

The relative strength of sterling adversely affected the translation of overseas profits. Rowntree said that using constant exchange rates, its 1986 interim sales and trading profits would show increases of 3 per cent and 11 per cent respectively. The company warned that this situation was continuing into the second half.

Looking further ahead, Rowntree said its underlying trading strength, productivity benefits and the additional contribution from recent acquisitions, led it to view the future with much confidence.

The interim dividend is to be

stepped up from 4p to 4.4p net on capital increased by the rights—last year's total was 12.3p on £79.5m pre-tax profits.

UK profits rose by £2.5m to £18.5m on turnover of £213.3m (£206.2m). The confectionery business increased both sales and profits, indicating a strong market performance and continuing improvements in productivity. Sun-Pat also had a good first half, but Sooner Foods suffered from intense competition in the crisp market.

In Europe, a recovery in sales, particularly in France, is returning the region to a path of gradual profit improvement. Overall sales rose to £107.5m (£97.4m) and losses fell from £2.5m to £0.6m.

Profits from North America showed a reduction from £10.5m to £8.1m, on lower sales of £125.9m (£133.5m). In dollar terms, profits of the group's US companies continued to grow. Rowntree said the recent acquisition of Summark indicated its confidence in the US as a strong consumer market which would provide increasing profits and enhanced shareholder value.

In Canada, the imposition last year of increased sales tax depressed the whole market. Sales and profits were lower in the period, but the start of the second half has been encouraging.

The Australian business continued to make good progress,

although Australasian profits overall slipped to £0.5m (£0.6m).

For the Rest of the World, profits fell by £1.4m to £3.4m.

Comment

Flatfish is Rowntree's own word for the current year and there is no reason to hope that it is being pessimistic. Even allowing for the rising pound's effect on overseas earnings some of its businesses are having a pedestrian year. UK confectionery may for once have done the trick of raising market share and margins, each by nearly a percentage point, but the others will not allow Rowntree to do that for long.

Meanwhile Europe is as ever slow to come right, Canada is not recovering from the sales tax increase, and more exotic markets have their problems. The Summark deal came too late for the Halloween trade, though it should chip in £2m at the trading level. So profits may only just top £20m (£19.5m) and with earnings diluted by the rights, the prospective p/e is an uninspiring 11.7.

Next year is now the target for the great leap forward to profits well above £100m as the cost savings and Summark profits come through. Further out the retail activities—with 730 shops around the world by the end of 1986—are seen as expanding from the current 5 per cent or so to a much more significant proportion of the whole.

Oil price decline hits Triton Europe

THE DECLINE in oil prices hit second-half profits of Triton Europe, oil and gas exploration group. Pre-tax figures for the period declined from £5.7m to £1.98m, but reflecting the good first half, the full year result was ahead £4.85m at £13.54m.

After increased tax of £7.96m

(£2.94m) net profits for the year fell from £5.05m to £5.55m, giving earnings per 5p share lower at 6.72p, against 7.33p.

Mr T. A. Goff, the chairman, said he regarded the result as satisfactory, given the dramatic decline in oil prices during the period when Triton's invest-

ments in developing oil reserves in France were reaching a peak.

The oil price decline had obliged the company to curtail capital expenditure, but high priority would continue to be accorded to the development of producing fields.

Appleyard's £3m rights issue for expansion

Appleyard, the Leeds-based motor dealer, is proposing a one-for-three rights issue which will raise about £3.2m net to help finance its capital spending plans.

Nearly 2.7m shares will be offered at 12 1/2p a share. The issue will be underwritten by EMI Samuel, the merchant bank, with Alexander Leung & Crutchbank as brokers.

Appleyard's existing shares closed 7p down at 148p yesterday. Last month, Appleyard announced pre-tax profits of £1.15m for the half-year for June, compared with £558,000 in the comparable period.

Yesterday it said that with many industry forecasters predicting a record year for new car registrations in 1986 and the group's car deliveries in August having been at a very high level, it looked forward to a "most encouraging" half-year result.

A final dividend of at least 4.25p was forecast, payable on the enlarged equity. This would make a total of 6p for full year against 5p the year before.

Appleyard said it was engaged on a controlled expansion of its motor-related activities and the rights issue would help finance spending on new outlets and on acquisitions. For example, it wants to add at least one Vauxhall-Opel main dealership to its existing outlets for Ford and Austin Rover, and it is investigating a number of opportunities in this field.

More than £1.5m is likely to be spent on splitting its Ford dealership in Brighton, at present sited in an expensive short leasehold property, into two smaller and more efficient units.

In Edinburgh, Appleyard wants to spend £250,000 on building a Jaguar depot on a prime site on the main road from the city centre to the airport. By separating this specialist franchise from its overcrowded Edinburgh depot, Appleyard expects to improve the profits from both operations, especially following the imminent launch of the Jaguar XJ 40, Mercantile Credit, which holds 24.9 per cent of Appleyard's shares and another 50 per cent of the joint venture company.

Boase Massimi hits £1.7m target as growth accelerates

Boase Massimi Pollitt, advertising agency, yesterday reported pre-tax profits up 14 per cent from £1.68m to £1.68m for the first half of 1986, in line with the £1.65m forecast made in July at the time of the 23.2m rights issue and acquisition of Granby Marketing Services.

The company said that after this relatively slow start, earnings growth was now accelerating in the second half, with the unprecedented influx of new business recently won by EIMF and a growing contribution from the enlarged Marketing Solutions Group.

Looking to 1987, the company said it was confident of demonstrating a quickening pace of growth.

Stated half-yearly earnings per 12.5p share increased from 6.06p to 7.3p, and the interim dividend is stepped up by 0.25p to 1.75p net on capital increased by the rights—a 1986 total of not less than 5.75p has already been forecast.

Pre-tax profits included a re-deducted interest contribution of £21,000 (£145,000). After tax of £872,000 (£854,000) and minorities, net earnings came through ahead from £323,000 to £591,000.

In advertising, the Boase Massimi Pollitt Partnership has won a record number of new accounts so far this year which will boost billings by over £50m in 1987. The company said the business was thriving and the two associate advertising agencies were both moving ahead encouragingly.

In marketing services, the Marketing Solutions Group was also achieving healthy growth. The core consultancy practice had added substantial new contracts.

The sales promotion, design, reprographic and typesetting businesses were benefiting increasingly from work referred to them from within the group, as was the recently acquired distribution and promotional handling company, Granby Marketing.

comment

Once a stock loses its glamour, it can prove very difficult to regain the market's confidence. Since mid-1985, BIMP's shares have languished as profit growth has been singular and despite positive statements about the second half, the shares fell 3p to 297p on yesterday's results. However, the number of contracts won indicates that BIMP retains a good reputation in the advertising industry and profits should start flowing through before the full year figures. Marketing services now represent around 40 per cent of turnover after the Granby acquisition and the broadening of the group should mean profits are less vulnerable to the old client defection. Pre-tax profits should top £5m this year and £7m next, leaving the shares on a prospective multiple of 11, based on next year's earnings.

THE FINANCIAL TIMES

is proposing to publish a Survey on FRANCHISING

on Saturday, October 4, 1986

The editorial will cover major aspects, including:

- Corporate growth through franchising
- Success of franchisees
- Becoming a franchisee
- Case studies
- Role of the FFA

For a full editorial synopsis and details of advertising rates, please contact:

PENNY SCOTT
Tel: 01-248 8000 exts. 3749

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NOTICE OF REDEMPTION

To the Holders of

Naamloze Vennootschap DSM

8 1/2% Debentures Due August 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of August 1, 1976 providing for the above Debentures, (the "Debentures") and Paragraph 7 of the Debentures, Naamloze Vennootschap DSM has elected to redeem all of the Debentures on October 17, 1986 at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to said date in the amount of \$18.47 per \$1,000 principal amount of Debenture.

On October 17, 1986, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons pertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, at the main office of European American Bank & Trust Company in the City of New York, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris, Tokyo and Zurich; the main office of European Banking Company Limited in London; the main office of Credito Romagnolo S.p.A. in Milan and Rome; the main office of Amsterdam-Rotterdam Bank N.V. in Amsterdam and Rotterdam; the main office of Swiss Bank Corporation in Basel, Geneva, Lausanne and Zurich; and the main office of Banque Generale du Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due on or prior to August 1, 1988 should be detached and collected in the usual manner. On and after October 17, 1986 interest shall cease to accrue on the Debentures herein designated for redemption.

DSM (Naamloze Vennootschap DSM)
by: Morgan Guaranty Trust Company
of New York, Trustee.

Dated: September 11, 1986

THORN EMI SECURING THE FUTURE

"The year 1985/86 was one of considerable change in your Company, which is now organised into four main business sectors. I am pleased to report that the prospect for improved profitability in each of these sectors is now much brighter."

RENTAL & RETAIL The performance of our consistently successful UK Rental operations - Radio Rentals, DER, Multi-Broadcast and Focus - was augmented by increased market share and profitability achieved by our substantial, 13-country International Rental business.

In Retail, HMV Shops increased UK sales by almost a quarter, and captured a major market share in Denmark, where FONA also increased sales and profitability. Reorganised UK chain, Rumbelows, finished the year strongly.

"We are determined to exploit our innovative capabilities in new products and become an internationally competitive force in carefully chosen markets..."

TECHNOLOGY Our principal electronics and computer software engineering and database businesses performed very satisfactorily in tough market conditions. Thorn Ericsson entered a growth phase with substantial orders from British Telecom. Imnos suffered from adverse market conditions but corrective measures plus new products should improve its prospects.

"We are now well placed in terms of innovative management skills, technological, engineering and product design resources... to achieve results justifying the continued confidence of shareholders and employees."

CONSUMER & COMMERCIAL Major reorganisation and investment programmes across the Appliances and Lighting businesses were aimed at sharpening international competitiveness and improving margins. Ferguson returned to profitability, securing substantial orders with important future potential.

"The Group is responding to the tough action taken to improve performance..."

MUSIC EMI Music's performance for the year reflected both the volatility and opportunities for growth in the worldwide market for prerecorded music. A concerted action programme should show some improvement in results in the current year.

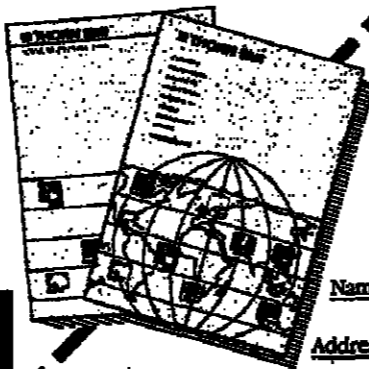
"It is already apparent with the reorganisation in place that the Company will achieve the results for which we are all striving."

The quoted extracts are from the THORN EMI Annual Report 1986; the comments on the four main business sectors are summarised from the Annual Report text.

Profile THORN EMI is a major British based, international organisation. Over one-third of its £3.3 billion turnover is generated by its operations in more than 30 overseas countries. Altogether, including its exports from the UK, the Group serves over 140 markets worldwide, and employs some 80,000 people, of whom around 19,000 are outside the UK.

THORN EMI

THORN EMI plc, Upper Saint Martin's Lane, London WC2H 9ED, England.



- For a copy of, please tick:
- THORN EMI 1986 Annual Report
 - Overview Brochure on THORN EMI

Please complete this coupon and mail it to: THORN EMI plc, Corporate Communications Department, Upper Saint Martin's Lane, London WC2H 9ED, England. (Tel. 01-836 2444)

Name _____

Address _____

Schroders

Interim Statement

11th September, 1986

The Directors of Schroders Public Limited Company have resolved to pay an interim dividend of 3p per share on the Ordinary Shares of £1 each (fully paid) and an interim dividend of 3p per share on the non-voting Ordinary Shares of £1 each (fully paid) for the year ending 31st December, 1986. These dividends take account of the capitalisation issue made in May, 1986 and, in total, are equivalent in amount to the interim dividend paid in respect of the year ended 31st December, 1985.

The dividends will be payable on 30th October, 1986 to shareholders whose names appear in the Register of Members of the Company as at 2nd October, 1986.

The profits of the Schroder Group for the first six months of 1986 were higher than in the same period of the previous year.

120 Cheapside, London EC2V 6DS

UK COMPANY NEWS

Acquisitions help boost Ward White to £10.3m

Ward White, the fast expanding retail group, yesterday reported half year pre-tax profits up more than a third at £10.3m and promised continued progress. The shares closed 6p lower at 964p.

Aided by its recent acquisitions, Payless DIY, the 21 strong department store chain Owen Owen and Zodiac Toys, whose results are included for the first time, the group's turnover rose by 72.1 per cent in the first half from £141.07m to £242.78m. Operating profit was more than double at £12.16m (£5.85m).

The group received a £657,000 surplus on the sale of property significantly lower than the £2.58m surplus at the halfway stage last year, and £227,000 (£246,000) as its share of the profits of related companies.

Increased interest charges of £2.35m (£2.3m), pre-tax profits amounted to £10.28m, an increase of 34.5 per cent.

UK retailing now accounts for 75 per cent of the group's sales. Halfords, its motor accessory retailing company, which already has 20 edge-of-town superstores to complement its 346 high street stores, plans to

comment

The pace of Ward White's expansion has been so breakneck that the company could be forgiven for pausing to draw breath. Instead, it is looking for further major acquisitions. That may seem over-ambitious, but those who believed that too much was paid for Payless must be abashed by these figures, which show a £3m-plus contribution from the DIY chain in just four months.

Organic growth was far from sluggish, contributing 45 per cent to the profits increase, with Halfords the star performer. In the second half, profits should pick up at both Zodiac Toys and Owen Owen and there should be further strong advances at both Halfords and Payless. The only stagnant spot is footwear manufacturing and retailing where there is no sign yet that the Focus chain has defied its market. Although the shares fell 5p to 964p on the results, growth in operating profit of 109 per cent and the prospect of £41m full year seems to indicate that they are not overvalued on a fully diluted prospective multiple of 14.5.

Haynes hit by downturn in US

By Terry Foley

HAYNES Publishing, the car manual publishing company almost 76 per cent owned by the Haynes family, yesterday surprised the market with a drop in pre-tax profits following falls in the contribution from its US subsidiary.

For the year to May 31 turnover was ahead by £1m to £10.4m but pre-tax profits fell from £1.7m to £1.5m. Trading profits in the UK were flat at £1.2m while those in the US were sharply down to £11,000 from £355,000.

Mr John Haynes, who founded the company in 1968, said that the US operations had been restructured and the group's core car repair manuals business relaunched. In the year being reported £140,000 in one-off costs and a further £100,000 in additional costs.

"We had to get out of distributing other people's books and make write-downs in the US," said Mr Haynes. The company estimates that it now has about 18 per cent of the US market and is in direct competition with Chilton, the market leader.

After taxes paid of £604,000 (£710,000) earnings per share were 19.8p against 19.4p. An unchanged final dividend of 9p makes 14p (13p) for the year.

While the second half was disappointing, the US relaunch has been well received, said Mr Haynes. The company had no debts and was keen to make a "good publishing acquisition," he added.

Hepworth Ceramic advances to £17.7m

Hepworth Ceramic has increased pre-tax profits in the first half to June 30 by 30 per cent to £17.6m, compared with £13.54m made in the weak first half of last year.

Turnover in the first half of this year was down from £100.85m to £178.25m, but operating profit rose to £18.19m (£14.97m). After tax of £6.81m (£6.27m) and minorities, profit was £10.57m (£7.13m). Earnings per share increased 49 per cent to 8.7p (4.5p).

The company said most areas within the group had increased their profit levels. The UK companies improved performance reflected the benefits of continuing research and investment in advanced technology as well as better order levels.

However, the US companies were still not performing satisfactorily. The situation was under review and action was being taken to correct it.

The interim dividend is being raised to 3.1p per share, from 2.9p previously. This will absorb £4.88m (£4.56m).

The group expected the second half to continue strongly.

comment
Hepworth ceramics suffered a dismal first half last year, so it would have been grim news indeed if it had not achieved a significant pre-tax advance yesterday. Most of the increase came from the closure of loss-making activities and efficiency improvements: turnover was sharply down, and even after stripping out a disposal and the effects of the dollar/sterling exchange rate, sales were barely 3 per cent ahead. The law of diminishing returns dictates that the scope for further profit increases without turnover growth must be limited, so interest now centres on what the new top management will do. Rationalisations seem set to continue in the short term: Dickey, the heavy US loss-maker, is up or sale, and Western Plastics might go if the right offer were made. In the US the plastics division is seen as having the strongest potential for organic growth: the clay and refractories companies are in mature markets and their main contribution in the future seems likely to be as cash generators to fund acquisitions in related areas. With £41m in sight this year, the prospective p/e ratio of 13 suggests that the shares, down 5p at 216p, have some upward leeway on speculative interest about the new management's plans.

MTI ahead but debt rises

BY TERRY FOLEY

Media Technology International, the film camera rental and less company associated with Lee International but separately listed, has reported pre-tax profits ahead £31,000 to £2.1m for the year to May.

Mr Roger Weston, the chairman, said that over the last year the company had switched its emphasis to the US "in order to redress the balance of what had been a very UK oriented company." Last year MTI purchased Mitchell Camera, the Burbank-based camera company, for £1.6m.

Partly as a result of this acquisition and partly due to the £1.15m Wembley warehouse purchase, net debt has risen to some £4m or two-thirds of shareholders funds. Net interest payments were "around £300,000" compared with £167,000 last year, and operating costs were £1.5m (£954,000).

After £724,000 of £724,000, attributable profits were £1.5m (£1.06m) and earnings per share were up from 12.22p to 13.78p.

Overseas earnings aid Rbt. Douglas growth

Robert M. Douglas, civil engineer and building group, increased profits by nearly 80 per cent in the year to March 31 despite exchange rate variations and losses in its specialist contracting division.

The taxable result rose to £1.70m (£900,000) on turnover of £146.46m from £142.56m previously. There was a tax credit of £988,000. Costs of establishing a manufacturing subsidiary in Malaysia were responsible for an extraordinary item of £281,000.

Mr John Douglas, the chairman, said two areas of the specialist contracting division had been making losses for some time and were in the process of being wound down. These were R. M. Douglas Roofing and the northern operations of Douglas Environmental Engineering. The closure costs would be felt in the current period.

The overseas division performed well in the period under review, with all but one company showing a profit. The construction equipment division did particularly well in Australia and New Zealand.

UK operations experienced tight margins due to the state of the construction industry, but the industry was showing signs of improvement.

A final dividend of 1.5p is recommended, making 2.25p. Mr Douglas expects further improvement in 1986-87 in the light of profit turnarounds at some companies and the elimination of loss-making activities.

Schroders up at midway

Schroders, the London banking, finance, insurance and investment company, has reported that profits in the first six months were higher than in the same period of the previous year. In 1985, the company disclosed profits of £15.6m (£15.5m) from its banking subsidiaries, share of associates net-profits were £2.16m (£3.6m), while Schroders plc and its non-banking subsidiaries incurred net losses of £1.25m (£2.81m).

The interim dividend is effectively unchanged at 9p per share — the total in 1985 was equal to 10.75p.

BENLOX HOLDINGS made first half pre-tax profits of £109,000 against a £57,000 loss in the comparable period of last year on turnover of £5.43m (£5.12m). The dividend is being raised 0.05p to 0.55p.

ABP

ASSOCIATED BRITISH PORTS HOLDINGS PLC

Group activities include:
PORTS
PROPERTY DEVELOPMENT
OFFSHORE ENERGY SERVICES
RESEARCH & CONSULTANCY

INTERIM RESULTS

	Six months to 30 June 1986	Six months to 30 June 1985
Turnover (port services)	£73.5m	£65.3m
Profit before tax	£11.0m	£4.0m
Earnings per share*	9.1p	3.5p
Dividend per share*	2.0p	1.625p

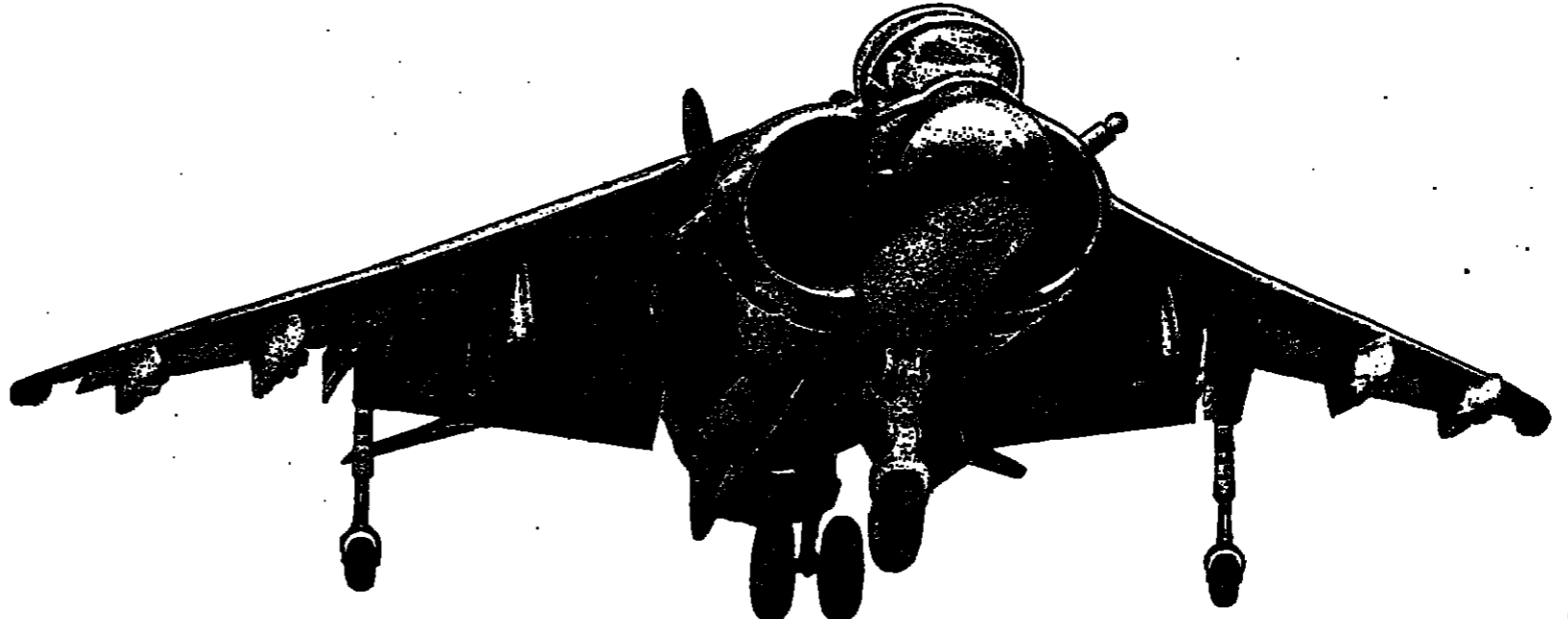
*Adjusted for 1 for 1 scrip issue, May 1986

Summary of the Statement by Sir Keith Stuart, Chairman:

- ★ **PROFITS** The substantial increase in profits reflects good results in both port services and property. The interim dividend has been increased by 23%.
- ★ **PORTS** Increased profits from port services reflect improvements in performance at Southampton and in South Wales. Our programme of investment has continued with extra capacity coming into operation at Barry and at Plymouth.
- ★ **PROPERTY** Good progress is being made on property developments in Southampton, Cardiff and Grimsby. We are also expanding our property activities beyond port-related areas, initially in a joint venture at Horsham, West Sussex.
- ★ **PROSPECTS** Current trading performance at the ports is strong, reflecting reduced costs and a high level of activity. The results for 1986 should see a significant improvement on 1985. Property income for the year is also likely to show a useful increase over 1985.

ASSOCIATED BRITISH PORTS HOLDINGS PLC
150 Holborn, London EC1N 2LR
Tel: (01) 430 1177 Tlx: 23913 Fax: (01) 430 1384

In business, as in war, the art is to stay one jump ahead.



The Harrier, Britain's most versatile and successful strike aircraft, takes to the sky using Burmah's lubricants and hydraulic fluids, from airstrips sealed with Burmah's speciality chemicals. Burmah, too, has been displaying considerable skill and versatility in recent years, and 1986, its Centenary Year, marks the completion of its transformation into a compact Group, concentrated upon the international marketing of lubricants and speciality chemicals and a major gas shipment project. The interim results show just how successful this process has been. Burmah is poised for growth.

INTERIM RESULTS

Profit for the half-year to 30 June 1986 from continuing businesses, after interest costs, was up by 32 per cent to £37.9 million.

The collapse in oil prices severely reduced profit from the Thistle oilfield, now sold to Premier Consolidated Oilfields plc. However pre-tax profit of £37.6 million was still 7.4 per cent ahead of 1985. The tax charge increased to 45 per cent, and profit after tax was slightly lower, at £20.7 million. The maintained interim dividend is 4.5p on the increased share capital. As indicated at the AGM, the board expects to be able at least to maintain for 1986 the level of dividend per share paid for 1985.

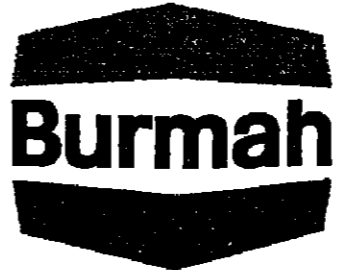
Lubricants companies have an equally well-established position in a wide range of industrial and speciality markets. Castrol Marine provides worldwide services to fleets of all nationalities. Burmah also has petrol retailing networks throughout the UK, Republic of Ireland, Sweden and Belgium.

Speciality Chemicals

Burmah provides products and services in five speciality chemicals areas — adhesives, coatings, printing inks, sealants and water treatment. Twenty eight companies internationally make up this rapidly growing division, and each of them is expert in its own field. Their products range from waterstops for concrete structures to contact adhesives for furniture lamination, and from screen printing inks to casting waxes for making turbine blades.

ING Transportation

Burmah is transporter for the world's largest liquefied natural gas project, annually carrying nearly nine million tons of LNG from Indonesia to Japan, under a twenty-year agreement with Pertamina, the Indonesian state oil company. Eight vessels are dedicated to this trade and well over 1000 cargoes have been safely shipped by Burmah during the past nine years. The Group also owns two Ultra Large Crude Carriers, now in service.



IN GREAT SHAPE FOR GROWTH

The Burmah Oil Public Limited Company
Headquarters: Burmah House, Pipers Way, Swindon, Wiltshire SN5 1RE

Gencor
General Mining Union Corporation Limited
(Incorporated in the Republic of South Africa)
Registration No: 01/01232/06

INTERIM RESULTS

The following are the summarised unaudited group financial results for the six months ended 30 June 1986

Salient features
In comparison with the results for the six months ended 30 June 1985 —
Earnings per capital unit increased by more than 50%.

The industrial sector's negative effect on earnings was eliminated. The rate of improvement is, however, slower than anticipated. Changes in the position as at 30 June 1986, compared to that as at 31 December 1985:
An increase in the net asset value per capital unit, taking into account investments at valuation, to 6.021 cents from 5.850 cents.
A reduction in financing debt to 55%, from 62%, of group equity with investments at book value.

Financial highlights

	Six months ended 30.06.86	30.06.85	Year-ended 31.12.85
	(R million)	(R million)	(R million)
Turnover	2,471.4	2,281.4	5,069.0
Source income	417.7	387.2	927.3
Normal financing costs	136.1	235.7	461.0
Income before tax	281.6	146.5	485.2
Attributable income	230.8	152.4	458.0
(Cents)	(Cents)	(Cents)	(Cents)
Attributable earnings per permanent capital unit	242	160	481
Dividends per ordinary share	80	55	195

Balance sheet

	30.06.86	30.06.85	Year-ended 31.12.85
	(R million)	(R million)	(R million)
Total assets with investments at valuation	10,537.6	9,316.5	10,473.2
Net assets with investments at valuation	5,737.6	4,545.2	5,569.2
Net asset value per permanent capital unit	6.021	4.795	5.850

Key ratios

	30.06.86	30.06.85	Year-ended 31.12.85
Financing debt: group equity, with investments at book value	0.55	0.78	0.62
— valuation	0.30	0.45	0.33
Distribution cover margin	2.60	2.21	2.23

Sectoral contributions to attributable income

	Six months ended 30.06.86	30.06.85	Year-ended 31.12.85
	Rm	Rm	Rm
Gold and uranium	43.8	19.0	87.8
Platinum	8.5	3.7	5.1
Coal	20.4	8.8	17.2
Base metals and minerals	92.3	40.0	48.4
Suppl	16.7	7.2	(5.2)
Other commercial and industrial	(8.2)	(0.1)	(7.9)
Financial and services	49.3	21.4	61.7
Attributable income	230.8	152.4	458.0

Significant changes on or after 30 June 1986

A rights issue of R200 million by Suppl, underwritten by Gencor, in order to reduce debt and accelerate the redemption of the payment of ordinary dividends. This will be funded by Gencor, to the extent necessary, from existing surplus funds.

The rationalisation of certain coal interests of Kanyim and those of Darling & Hodgson, through the acquisition thereof by Trans-Natal.

The realisation of the interests in African Coasters Holdings and Grindrod & Company at approximately R28 million.

Prospects for the year
A further modest improvement in the level of profitability is expected.

Interim Dividends and Interest Payment

In the light of the increase in earnings and with a view to narrowing the difference between the interim and final dividends, the interim dividend per ordinary share has been increased, to 80 cents from 55 cents.

Dividend No. 121 (Coupon No. 126) — Amount per ordinary share 80 cents
Dividend No. 5 on 8.5% convertible preference shares — 114.75 cents
Interest Payment No. 5 on 12.5% convertible debentures — 168.75 cents

Declared 11 September 1986 — Record date 26 September 1986
Currency conversion 29 September 1986 — Payable 16 October 1986

On behalf of the board
Registered Office: 6 Holland Street, Johannesburg 2001, 17 September 1986
D. L. KEYS } Directors
T. L. DE BEER }

The Interim Report will be mailed to shareholders on 17 September 1986, after which date copies will be available at the London office, 30 Ely Place, London EC1N 6JA.

UK COMPANY NEWS

London Shop

Property Trust plc

"Further increases in capital value and income" - J. Hugh Jones, Chairman.

	Years to 30 April		
	1986	1985	
Profits and Dividends			
Net property revenue	£11.62m	£9.87m	+ 17.7%
Pretax profit	£7.27m	£6.46m	+ 12.5%
Earnings per ordinary share	8.5p	7.5p	+ 13.3%
Dividends per ordinary share	5.5p	4.95p	+ 11.1%
Net assets per ordinary share	193.6p	177.5p	+ 9.1%
Retail price index	385.3	373.9	+ 3.0%

The Annual Report for the year ended 30 April 1986 will be despatched to Shareholders on 23 September 1986. Copies will be available from the Company Secretary, London Shop Property Trust plc, Beaumont House, 179/187 Arthur Road, London SW19 8AF.



London Shop

Caparo on course despite slow progress at Fidelity

ALTHOUGH PROGRESS at its Fidelity electronics side was slower than expected, Caparo Industries' pre-tax profits showed a substantial improvement from a depressed £91,000 to £815,000 in the first half of 1986. Excluding investment activities, the recovery was more significant, with operating surplus more than doubled at £2.06m, against £0.92m.

Mr Swraj Paul, the chairman, said yesterday that the company was having a much better year, and its profit recovery was well on course. Despite the slight downturn in industrial markets and the slower-than-expected recovery at Fidelity, he expected full-year figures to show a respectable improvement over last year's £950,000 pre-tax.

The interim dividend is unchanged at 0.75p net and the full year total is expected to be maintained. Mr Paul said the company still had every reason to be confident that the medium term future would show considerable growth, reflecting a full contribution from the United Merchant Bar project and the elimination of Fidelity's losses.

Group turnover in the half year rose 13 per cent to £39.8m. Interest charges fell from £1.78m to £1.96m, while investment activities contributed a sharply lower £27,000, against £1.06m last time. Undiluted



Mr Swraj Paul, the Caparo chairman

loss per 25p share was 0.61p (0.46p) while fully diluted earnings were 0.46p (0.01p loss).

Fidelity sales were up 50 per cent to £13.6m and optional loss reduced from £1.27m to £0.72m.

The principal adverse factor was a reduction in selling prices in response to highly competitive market conditions.

The major part of Fidelity's sales occurred in the last four months of the year and although the outlook was promising, the

decline in margins meant that for 1986 as a whole, the company was unlikely to achieve the target of a small operational profit. Results, however, would still show a significant improvement over 1985.

Operating profits in the group's industrial division (its largest) rose from £1.61m to £2m.

● comment

Caparo Industries would have struggled to record an increase in first-half profits without the benefit of last year's substantial investment gain. The fact that the turning round of Fidelity is taking longer than expected did not ease the strain. However, a strong performance from the non-electronic activities and progress towards recovery at Fidelity enabled the group to turn in a significant increase yesterday and suggested that £2.5m could still be on the cards for the full year. On a tax charge of 25 per cent, the shares, up 4p at 59p, look slightly overvalued on a current year's price of 22, but the price is still looking ahead to 1987. Then, with a full year of United Merchant Bar and a positive contribution from Fidelity to be added to the rest of the group's growth, a good £8m must be in sight, putting the shares on a rating which begins to look modest at around 3.

Tyne Tees rises to £1.7m at six months

Tyne Tees Television Holdings, the USM quoted independent television programme contractor, lifted pre-tax profits to £1.69m in the six months to June 30, 1986, compared with £1.24m for the nine months to June 30, 1985.

Sir Ralph Carr-Ellison, the chairman, said the increase reflected both improved income and the benefits of last year's economies. Profits were struck after a Channel Four subscription of £4.16m (£6.74m) and Exchange Levy of £100,000 (nil), reduced by £211,000 provisions released in respect of previous periods. Sir Ralph said the benefits of the recent Exchange Levy changes would be realised mainly in the second half.

The chairman pointed out that while television advertising revenue had shown a significant growth in the period, the greater part of this growth had been in the South of England.

With advertising revenue continuing to be buoyant, the full year's results should compare favourably with the previous 15-month period to December 31, 1985, when pre-tax profits totalled £3.15m.

London Shop 12.5% higher

A 12.5 per cent increase from £6.46m to £7.27m in pre-tax profits for the year to April 30, 1986 was yesterday reported by London Shop Property Trust. Net assets per share rose from 177.5p to 193.6p.

The surpluses arising on the property valuation, and on sales of investment properties in the year 1985-86 represented an increase of 13.3 per cent over the net assets per ordinary share at April 30, 1985. That increase was, however, partially offset by various financial factors.

Net property revenue increased from £9.87m to £11.62m, partly as a result of increased rentals from property already in the portfolio, and partly due to income from property purchased. The housebuilding division again achieved very good results, contributing £1.22m (£378,000). The final dividend is increased from 3.6p to 4.05p net, for a total of 5.5p compared with 4.95p. Stated earnings per 25p share improved from 8.5p to 9.5p basic, and from 7.5p to 8.5p fully diluted.

Mr Hugh Jones—he retires as chairman on October 23 and will be succeeded by Mr John Bushell—said consumer spending continued to be buoyant and consequently the outlook for investment in, and development of, retail property remained sound.

Estates Property passes £3m mark

Estates Property Investment Company increased its pre-tax profits from £2.55m to £3.13m in the year to April 30, 1986. The Net Asset Value rose from 191.7p to 197.9p.

The final dividend is unchanged at 5.5p, but the total is up from 8.25p to 8.5p net. Stated earnings per 25p share improved from 10.74p to 12.51p.

Gross rents were up from £5.7m to £6.55m, but ground rents were higher at £1.14m compared with £961,000. The pre-tax figure was after administration expenses down from £780,000 to £580,000, other income little changed at £58,000 (£55,000), and net interest charges of £1.55m (£1.25m). After tax of £778,000 (£772,000) and dividends of £1.62m (£1.58m), retained profits came out at £728,000 against £476,000. The company's net asset value per share was £197.9p (191.7p) at the year-end.

F. COPSON PLC.

Results in brief	1986	1985
	£	£
Group Turnover	7,083,690	6,800,289
Profit before Tax	148,428	113,213
Dividends paid	63,000	54,000
Earnings per share	2.21p	1.79p
Dividend per share	1.75p	1.50p

- * Improved margins, dividend increased.
- * Both subsidiaries continue to trade profitably.

66 We shall seek to expand areas where acceptable profit can be identified. Our heavy building materials department is beginning to make a profit, and the proposed acquisition of land at the front of our main warehouse will enable us to develop the site to its full potential. 99

F. Copson, Chairman & Managing Director

ACTIVITIES:—Suppliers of heating equipment and plumbing and sanitaryware goods. Installers of warm air heating equipment.

Erdington—Birmingham

YOU KNOW WE'RE GOOD AT BUYING BUSINESSES. BUT ARE WE AS GOOD AT BUILDING THEM?

They are also the result of our rapid and successful development of these acquisitions.

At Halfords, for example, we have now largely completed the refurbishment of our high street stores.

We have also opened 20 edge-of-town superstores and will open another 10 by the end of the year.

These new stores are the result of strong, innovative management at operational level.

And their success is proof that when we take over companies we give the management team the incentive, the resources and the backing to make their plans work.

The same thing is happening now at Payless DIY. Already sales at the 68 stores have increased significantly.

By the end of the year, another 6 superstores will be operating equally successfully.

At Owen Owen we have strengthened management, implemented a new merchandising policy and plans for revamps at several stores are well advanced.

While at Zodiac, the progress shows we're far from playing at being toy retailers.

Of course, it would still be true to say that much of our growth has come from buying businesses.

But as our latest figures show, we're now building those businesses as fast as we acquired them.

WARD WHITE

GRANVILLE

Granville & Co. Limited
8 Lovell Lane London EC3R 8BP

Telephone 01-621 1212
Member of FIMB

High Low	Company	Ord.	Price	Change	Gross Yield	P/E	Folly
					div.(p)	%	Annual based
181	121	Ass. Brit. Ind. CULS...	132	—	7.3	5.5	8.1
126	43	Airprung Group	105	—	10.0	7.6	6.6
146	108	Barton Mill	98	—	4.2	12.0	4.8
91	42	Bry Technology	81	—	4.3	2.5	21.1
201	75	CCL Ordinary	88	—	2.9	3.3	6.3
152	86	CCL 11pc Conv.	88	—	2.9	3.3	6.3
244	80	Carborundum Ord.	244	+2	15.7	17.2	11.8
134	83	Carborundum 7.5pc Pl.	89	—	10.7	17.6	—
139	48	Deborah Services	139	—	7.0	6.0	14.5
125	50	George Bost	125	—	—	—	—
71	20	Ind. Precision Castings	71	—	3.8	3.3	3.0
218	188	Iata Group	187	—	8.0	4.2	18.7
184	101	Jackson Group	101	—	18.3	11.8	8.1
377	228	James Burrough	126	—	6.1	4.8	8.4
100	85	James Burrough Sppt.	89	—	17.0	4.8	10.3
85	85	John Howard Group	85	—	12.9	13.0	—
1035	342	Mulhouse NV	342	—	5.0	6.8	—
389	290	Record Ridgway Ord.	376	—	—	—	43.2
100	89	Record Ridgway 10pc Pl	89	—	14.1	16.8	6.7
82	37	Robert Jenkins	75	—	—	—	—
38	28	Seruttons "A"	28	—	—	—	3.2
111	88	Tesley and Carlisle	111	—	5.7	5.1	6.7
370	320	Trevlin Holdings	322	—	7.8	2.8	6.7
70	26	Unilock Holdings	89	—	—	—	11.5
45	38	Walter Alexander	193ad	+1	9.8	6.1	9.2
228	190	W. S. Yentis	197	—	17.4	8.8	18.7

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EQUITIES

Table of equity prices with columns for stock name, price, and change.

FIXED INTEREST STOCKS

Table of fixed interest stock prices with columns for stock name, price, and change.

"RIGHTS" OFFERS

Table of rights and offers with columns for stock name, price, and change.

AUTHORISED UNIT TRUSTS

Large table listing various authorized unit trusts with columns for name, price, and change.

FT UNIT TRUST INFORMATION SERVICE

Large table listing unit trust information with columns for name, price, and change.

A FINANCIAL TIMES SURVEY MERSEYSIDE. The Financial Times proposes to publish this survey on: MONDAY, 17 NOVEMBER, 1986. For a detailed editorial synopsis, please contact: BRIAN HERON, FINANCIAL TIMES, QUEEN'S HOUSE, QUEEN STREET, MANCHESTER, M2 5HT. Tel: 061-834 9381 Telex: 666813. FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER.

FT CROSSWORD PUZZLE No. 6123

Crossword puzzle grid with numbers 1-27.

- ACROSS
1 Measuring instruments for the production of replicas (8)
2 A journalist passed and whirled round (6)
3 Bound about with particular result (8)
4 Some padre sing when heading ready for the day (6)
5 A little spangle, it emerges... is quite the best (6)
6 Prisoners put underground marked for return (9)
7 The learned fellow's German in a hole (6)
8 Cricketers back 11 down individuals (7)
9 He's sure to make one cross (7)
10 A steep requirement for converting foreign currency (6)
11 Removing the ashes of a monarch in the debacle (6,3)
12 Force up value (5)
13 Credit's arranged without the right declarations being made (8)
14 Keep off jam (6)
15 Returned letter accepted by agent with alacrity (6)
16 Direction rebellions men gave out when trapped (6)
17 Bill's settled, as this proves (7)
18 Gives an order - See to card distribution (6)
19 Angry robber losing his head (5)
20 Some padre sing when heading ready for the day (6)
21 Good man with a seaman's 24 down (4)
22 Fined as a result of having dated note incorrectly (9)
23 The leading lady (8)
24 It is like the lower house, yet it is unique (8)
25 Cheat a man on the board (4)
26 Express a low opinion of record (3,4)
27 Saw the male sovereign into bed (6)
28 Cut up writer's material and iron (5)
29 Imitation stone can be a pest (6)

Solution to Puzzle No. 6122. A crossword puzzle grid with filled-in letters.

Vertical text on the left margin: 'Type rises to £1.7m in six months', 'p 12.5%', 'ON P.L.C.', '733 651', '142 423', '62 239', '274', '279', '1986', '1985', '1984', '1983', '1982', '1981', '1980', '1979', '1978', '1977', '1976', '1975', '1974', '1973', '1972', '1971', '1970', '1969', '1968', '1967', '1966', '1965', '1964', '1963', '1962', '1961', '1960', '1959', '1958', '1957', '1956', '1955', '1954', '1953', '1952', '1951', '1950', '1949', '1948', '1947', '1946', '1945', '1944', '1943', '1942', '1941', '1940', '1939', '1938', '1937', '1936', '1935', '1934', '1933', '1932', '1931', '1930', '1929', '1928', '1927', '1926', '1925', '1924', '1923', '1922', '1921', '1920', '1919', '1918', '1917', '1916', '1915', '1914', '1913', '1912', '1911', '1910', '1909', '1908', '1907', '1906', '1905', '1904', '1903', '1902', '1901', '1900', '1899', '1898', '1897', '1896', '1895', '1894', '1893', '1892', '1891', '1890', '1889', '1888', '1887', '1886', '1885', '1884', '1883', '1882', '1881', '1880', 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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas fund products, including company names, fund names, and numerical values.

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TRADITIONAL OPTIONS

Table listing traditional options with columns for instrument, price, and other details.

Notes and additional information at the bottom right of the page.

COMMODITIES AND AGRICULTURE

Platinum and gold down sharply

BY RICHARD MOONEY

PLATINUM AND gold prices fell heavily on world markets yesterday in what most traders saw as an overdue correction following the exceptional strength of the two metals in recent weeks.

On the London market, selling triggered by the overnight fall in New York took the platinum price \$33.25 lower at \$870 a troy ounce. And the New York price moved down further in early trading yesterday.

The gold price, which had lagged behind platinum on the way up, fell a relatively modest \$15.75 to \$467 an ounce.

In spite of the size of yesterday's falls, analysts were generally reluctant to pronounce the recent bull run over. Having risen by nearly \$140 in less than three weeks

—mainly on fears that South Africa, which accounts for more than 85 per cent of western world supplies, might restrict sales in a retaliation against economic sanctions—the platinum market had become "over-extended," said Mr Anthony Hodges, an analyst with Rudolf Wolf, the London metal trader. He thought yesterday's correction was "healthy."

In chart terms, he said, "the upward trend is still intact."

At Shearson Lehman Brothers Mr Stephen Briggs said fundamental supply demand factors for platinum still appeared bullish.

In New York Mr Bill O'Neill of Elders Futures said the sell-off in precious metals had been fuelled by a general

market decline, with financial futures, Eurobonds and equity values all well down.

"All things considered," he said, "the gold market has held up reasonably well."

In London yesterday gold prices were reported to have met significant support just above \$400 an ounce, which is seen as a psychologically important level. But Mr Hodges said he thought the main support level was at the \$387 level, the breaching of which last week had unleashed the fresh wave of speculative buying which pushed the gold price to its recent high.

On Wednesday, Nymex platinum fell \$37.50 daily limit on record volume of 22,700 contracts, with open interest rising to 31,900 contracts. Yesterday the daily limit was expanded to \$56.

recent highs, writes Alexander Nicol in Buergerstock, Switzerland.

Ms Rosemary McFadden, the Nymex president, who is attending an annual meeting of futures exchange officials here, said she had taken the measure because of the volatility of the market, which has seen an influx of smaller speculators as gold and platinum prices have risen en masse to launch economic sanctions on South Africa.

She said there had been some levelling out in stock levels of metals recently.

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Colombia's pick and shovel prospectors

BY SARITA KENDALL

THOUSANDS OF prospectors are at work along the rivers that meander across the forested lowlands of north-western Colombia. Shovelling, panning, diving and digging are the main forces behind a dramatic increase in the country's gold production. Colombia's output is expected to be more than 40 times this year, compared with 22 tonnes in 1984.

This is one of the lesser-known corners of a worldwide boom in exploration and development for gold, reflecting the relatively healthy returns to be earned from precious metals at a time when the prices of most other minerals remain deeply depressed.

In Colombia, the prospectors provide the labour, but the central bank (Banco de la Republica) created the incentive in 1984.

Colombian international reserves were dropping sharply, and the difference between the official and black market exchange rates widened. It became profitable to smuggle gold to Panama to sell it to the central bank for devalued pesos, so much so that by early 1984 the bank was buying less than a tonne a month. But gold purchases tripled in March, when a 30 per cent premium was added to the international price.

Since then the bonus has been reduced to 15 per cent and finally to 9 per cent without noticeably cooling the gold fever of wandering prospectors, whose tools are barely more sophisticated than those seen by the invading Spaniards in the 16th century. A wealth of finely worked pre-Columbian jewellery and ornaments — of which only a tiny fraction makes up the exportable display in the central bank's museum — has been unearthed since the conquest.

Historians estimate that Colombia was producing about a quarter of gold for domestic use during the 18th century.

Most of its came from alluvial deposits in Cauca and Antioquia, along the foothills of the central Andean mountain range. From the middle of the 19th century, foreign companies began to invest in alluvial and hard rock operations in the northwest. Antioquia gradually became the main

focus of activity, and today it accounts for about three quarters of national production.

Nearly all Colombia's gold is smelted and refined by three long established Medellin firms, on contract to the central bank. At the Fundición Escobar, there is a help-out on the roof to reduce the security risk of bringing gold in from distant towns and villages. Bullet-proof glass partitions shield the offices, cameras watch the heavy steel doors that flank the entrance, and armed guards

of Colombia's international reserves, though the proportion has risen as high as 35 per cent when reserves fell very low.

In Antioquia's frontier towns such as El Bagre, everyone keeps track of the international price of gold. The individual prospector may not find the trip to Medellin worth his while, so he settles for a 10 per cent discount with a local dealer, avoiding the risk of being robbed on the way to the city. The central bank has several buying agencies in gold

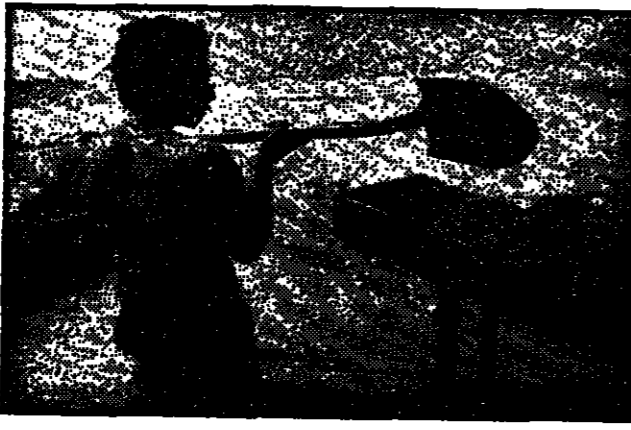
present rate of exploitation the reserves will last about 14 years. Exploration continues, although the richest known deposits have already been used up.

Six dredges work round the clock, throwing out huge quantities of gravel and producing about 130 kg of gold a month. A helicopter picks up the dredges, and the mercury is extracted from the amalgam in the laboratory at Mineros de Antioquia's camp. The company employs about 600 people, and has contributed to the construction of health centres, roads and sports grounds in El Bagre. Security problems (including threats from guerrilla groups) are a constant headache, and armed guards with trained dogs protect the dredges at night.

Large scale mining companies account for less than 5 per cent of Colombia's gold production. The only big hard rock operation is run by Frontino Gold Mines, which will be increasing output to about two tonnes a year following a major discovery.

As a result of the central bank's pricing policy many small scale miners are investing in modern equipment such as pumps, excavators and diving rigs. Prospectors may respond quickly to price incentives, but they invade properties, they have very low recovery rates, and they bring enormous social problems with them. Thousands of acres in northern Antioquia have been stripped of vegetation and mercury is polluting the rivers.

Apart from setting the price and getting the Government to subsidise little influence on production. Mr Juan Fernando Rico, the general manager of Mineros de Antioquia, says: "There is too much red tape at the mining of mines, but there's no policy." The national planning department has no foreign projects in its files, and there are such tedious delays in trying to get a licence for activity that many do not bother. According to Mr Joaquin Londoño, who was president of the Colombian mining association for many years, Colombia's policy is very simple: "If the price of gold falls, production will fall, and vice versa."



A prospector looks for gold in Antioquia, Colombia

have strict instructions not to let several people in at a time. Producers bring their gold dust or "amalgam" in to the well-protected reception desk, where weights are carefully checked and noted. The company knows most of its clients, and turns away people who cannot prove that their gold has been mined in Colombia. Although the smelters are responsible for preventing smugglers from taking advantage of the central bank's price bonus, some gold slips through to swell national production figures. Each week the Fundición Escobar processes between 200 and 300 kg into gleaming 12 kg bars.

The central bank sells a little gold for domestic use, sends most of Colombia's production (0.995 parts pure) to European dealers for assay. It then goes into the Bank of England or US Federal Reserve vaults, where it is available for strengthening the nation's foreign currency holdings. Gold bullion normally constitutes less than 15 per cent

China expects bigger harvest

BY COLINA MACDOUGALL

CHINA EXPECTS a satisfactory grain harvest this year providing no further natural disasters hit the country, Peking's English language China Daily said yesterday.

Total grain output is not likely to reach the 1984 record of 407 million tonnes but, with favourable weather from now on, should exceed last year's 378m. However, production in the south and coastal areas hit by frost and typhoons will be down this year. Yin Lexin, of the Planning Department of the Ministry of Agriculture, Animal Husbandry and Fishery, told the China Daily.

According to Yin, output is also expected to fall in the three north-eastern provinces, Jilin, Liaoning and Heilongjiang. This is one of China's largest grain areas. Last year's

soods and storms had already caused a drop of 12.5m tonnes below the 1984 production.

While China has so far published no details, crops likely to be affected include rice in the south and spring wheat, maize and soybeans (which Peking counts in the grain category) in the north-east. Of these, rice, maize and soybeans are important export crops with sales in the first half of this year running at 430,000 tonnes, 3.98m tonnes and 320,000 tonnes respectively.

Following good harvests in the early 1980s, the country has large stocks of grain. However, this year's output is expected to be 60 per cent below the 1982 level to 5.4m tonnes in the first half of this year, at 3.5m, they were again on the rise.

Last year's harvest drop was attributed not just to poor weather but also to the peasants' loss of interest in grain when more money could be made in the profitable sidelines now permitted. This year, thanks to new incentives such as higher prices and cheaper fertiliser, over 1.3m hectares used for other purposes in 1985 have been restored to grain.

Yin Lexin told the China Daily that Peking planned to create a Yuan Shun (1.4bn) fund from the income of rural enterprises to provide grain subsidies over the next five years. This is a further measure taken by the central zone (shared equally with Kuwait) of rather more than 100,000 b/d. They said, however, that the excess was accounted for by August output.

A recent executive committee meeting of the Arabian American Oil Company, involving representatives of the US partners in the Kingdom's main producing operations is understood to have left no doubt that Riyadh is determined to honour its obligations under the Organisation of Petroleum Exporting Countries' production sharing pact.

Under this, 12 members agreed to restrict their collective output during September and October to 14.8m b/d. Iraq was not party to the agreement. Industry estimates put total output in the first week of the month in the 17-17.2m b/d range, rather more than the 16.7-16.8m b/d expected if the 12 members abided by their quotas and Iraq maintained a rate of 1.9-2m b/d.

In practice, Iraq is thought to have been producing in excess of 2m b/d and perhaps as much as 2.3m b/d by maximising its exports by trucking operations via Jordan.

Saudis deny breaching oil output limit

By Richard Johns

DURING the first week of this month Saudi Arabia observed its commitment to limit its output to 2.3 million barrels a day, an official statement issued yesterday in Riyadh insisted.

The reaction from the Ministry of Oil and Minerals was prompted by a report in this week's saying that the Kingdom's production during the first five days of September had run at 5.1m b/d.

According to senior industry executives, the rate of loading in the first week was about 4.5m b/d not including Saudi Arabia's entitlement of crude from the central zone (shared equally with Kuwait) of rather more than 100,000 b/d. They said, however, that the excess was accounted for by August output.

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Soviet boost for Polish horticulture

By Christopher Bobinski in Warsaw

POLAND IS to boost its fruit, vegetable and flower exports to the Soviet Union three-fold by the end of the century, according to a recent bilateral agreement.

The agreement includes cut flowers, frozen products and fruit juices and the tonnage involved will rise from 314,000 tonnes this year all told to 900,000 tonnes in the year 2000. Sales of apples alone, which amounted to 160,000 tonnes this year, are to rise to 540,000 tonnes in 15 years time.

Output by the Polish fruit and vegetable sector, which in the main is in private hands, regularly exceeds domestic demand and finding export markets has become an urgent priority.

Jamaica's Israeli farm venture collapses

By CANUTE JAMES IN KINGSTON

A LARGE high technology farm established by the Jamaican Government and Israeli investors as a showpiece of the island's potential for non-traditional agriculture, has collapsed with heavy financial losses.

The US\$30m investment in south central Jamaica was started in 1982 and aimed at covering 6,000 acres with water vegetables, fish and fruit, using the latest in irrigation technology and computerised packaging and grading. The venture was intended to spearhead Jamaica's entry into the winter vegetable markets in the US and Western Europe.

Announcing the collapse of the venture, Mr Mayer Matson, chairman of the state-owned National Investment Bank, which represents the Govern-

China expects bigger harvest

BY COLINA MACDOUGALL

China expects a satisfactory grain harvest this year providing no further natural disasters hit the country, Peking's English language China Daily said yesterday.

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According to Yin, output is also expected to fall in the three north-eastern provinces, Jilin, Liaoning and Heilongjiang. This is one of China's largest grain areas. Last year's

LONDON MARKETS

RENEWED CONCERN about the weather in Brazil, which remains dry, sparked off a new wave of buying in the coffee market which lifted nearby futures to the highest levels for more than five months. The November position, which had moved lower over the two preceding days, bounced back with a \$45 rise to \$2,342.50 a tonne. The coffee futures market also reversed its earlier weakness with the December position advancing \$27 to \$1,837.50 a tonne. Dealers said the rise was inspired mainly by chart patterns, backed up by the weaker market watching for possible crop damage caused by dry weather in West Africa and Brazil, they added. On the London Metal Exchange concern about nearby supply tightness continued to buoy up zinc values and the cash position added \$2.50 to Wednesday's \$125.50. Other metals were modestly higher on sterling's weakness.

LME prices supplied by Amalgamated Metal Trading.

INDICES

REUTERS
Sept 10 1986 9:30 AM approx/ago
1491.4487.2 1460.0 1240.1
(Base: September 10 1981=100)

DOW JONES
Sept 10 1986 11:59 AM
1,174.70 1,172.00 1,171.00
(Base: December 31 1981=100)

MAIN PRICE CHANGES
in cents unless otherwise stated.
Sept 11 +/- or Month Ago

US MARKETS

PLATINUM was yet again the focus of interest on the New York precious metals markets, as in another choppy session the fourth consecutive limit-down movement this week took October values at one point down to \$546.25 per ounce, the lowest level for over three weeks, reports Herald.

The market did, however, rally from its expanded \$50 limit movement to close just under \$15 lower on the day at \$875. This was seen in some quarters as proof that the violent downward trend seen this week may have been severely overdone. The decision of the Mercantile Exchange to raise position margin requirements for the second time in a week may also have encouraged the liquidation of many speculative positions. New York sugar futures lost many of the gains it booked this week, with a lack of follow-through technical buying and the absence of constructive fundamentals taking 25 points off the October delivery position.

HEATING OIL			
42,000 US gallons, cents/US gallon			
	Lowest	High	Prev
Oct	40.25	40.50	39.75
Nov	41.00	41.25	40.25
Dec	42.00	42.25	41.25
Jan	43.00	43.25	42.25
Feb	44.00	44.25	43.25
Mar	45.00	45.25	44.25
Apr	46.00	46.25	45.25
May	47.00	47.25	46.25
June	48.00	48.25	47.25

ALUMINIUM

Unofficial +/- or High/Low
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(Base: December 31 1981=100)

COPPER

Unofficial +/- or High/Low
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(Base: December 31 1981=100)

NEW YORK

ALUMINIUM 40,000 lb, cents/lb
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(Base: December 31 1981=100)

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb
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(Base: December 31 1981=100)

COCOA

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LEAD

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(Base: December 31 1981=100)

NICKEL

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ZINC

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TIN

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GOLD

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SILVER

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MEAT

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SOYABEAN MEAL

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CRUDE OIL

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WHEAT

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POTATOES

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering boosts dollar

THE DOLLAR rose to its best level since late July in currency markets yesterday, following a sharp bout of short covering during the afternoon trading session. The dollar was a little confused to begin with as dealers held back ahead of the Bundesbank central council meeting...

£ IN NEW YORK

Sept. 11 Last Prev. close Spot \$1.4988-1.4991/1.4910-1.4913 1 month \$1.4940-1.4943/1.4940-1.4943 3 months \$1.4940-1.4943/1.4940-1.4943 6 months \$1.4940-1.4943/1.4940-1.4943 Forward premiums and discounts apply to the US dollar

unchanged discount rate. The Bundesbank central council meeting had not been expected to herald a cut in rates but there was still some nervousness ahead of the meeting. Later in the day a growing conviction that the dollar would stabilise as an upturn in US economic indicators helped to push it firmer. The dollar was fixed at DM 2.0678 before the meeting...

FINANCIAL FUTURES

Sharp fall

PRICES FELL sharply on the London International Financial Futures Exchange yesterday, as traders reviewed their attitude towards the US economy, and the interest rate picture remained uncertain. US Treasury bond futures fell to limit down in Chicago as rumours circulated that last night's money supply figures would show strong growth and that today's US retail sales figures for August will be high.

covering took December pits up to a resistance point of 117-16, followed by a period of some reluctance to fall. But in late trading the contract fell sharply, led by an equally sharp decline in short sterling futures. This was partly in sympathy with the movement in US bonds, but also reflected fears that London interest rates have reached a plateau. The flat yield structure in the money market led to suggestions the next move in base rates will be up, particularly after disappointment the West German Bundesbank did not cut its discount rate yesterday.

POUND SPOT—FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, Three months, Six months. Rows include US, UK, Belgium, Germany, France, Italy, etc.

CURRENCY MOVEMENTS

Table with columns: Sept. 11, Bank of England, Morgan Guaranty, etc. Rows include Sterling, Canadian Dollar, Australian Dollar, etc.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: Day's spread, Close, One month, Three months, Six months. Rows include UK, Ireland, Belgium, Germany, France, Italy, etc.

CURRENCY RATES

Table with columns: Sept. 11, Bank of England, Special Drawing Rights, etc. Rows include Sterling, Australian Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Sept. 11, S, DM, Yen, Ffr., S.F., H.F., Lira, CS, B.Fr. Rows include DM, Yen, Ffr., etc.

OTHER CURRENCIES

Table with columns: Sept. 11, S, DM, Yen, Ffr., S.F., H.F., Lira, CS, B.Fr. Rows include Argentina, Brazil, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Sept. 11, Short term, 7 days notice, 1 month, Three months, Six months, One year. Rows include Sterling, U.S. Dollar, etc.

STERLING INDEX

Table with columns: Sept 11, 100, 100, 100, 100, 100, 100. Rows include 100, 100, 100, etc.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, % change, % change, % change, % change, % change, % change. Rows include Belgium, Denmark, etc.

FT LONDON INTERBANK FIXING

Table with columns: Bid 5%, Offer 6%, Bid 5%, Offer 6%. Rows include 5%, 6%, 5%, etc.

NEW YORK RATES

Table with columns: Prime rate, Bank loan rate, Fed funds, Treasury bills, etc. Rows include Prime rate, Bank loan rate, etc.

LONDON MONEY RATES

Table with columns: September 11, Over night, 7 days notice, Month, Three months, Six months, One year. Rows include Interbank, Local Authority Depos, etc.

MONEY RATES

Table with columns: Sept. 11, Over night, One month, Two months, Three months, Six months, Lombard Int'n'l. Rows include Frankfurt, Paris, etc.

LIFFE LONG GILT FUTURES OPTIONS

Table with columns: Strike, Price, Dec, Mar, June, Sept, Dec, Mar, June, Sept. Rows include 118, 120, 122, etc.

LIFFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Price, Dec, Mar, June, Sept, Dec, Mar, June, Sept. Rows include 1.30, 1.32, 1.34, etc.

CHICAGO

Table with columns: Sept, Dec, March, June, Sept, Dec, March, June, Sept. Rows include 84.43, 84.43, 84.43, etc.

WORLD VALUE OF THE DOLLAR

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Rows include Algeria, Albania, Algeria, etc.

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BRITISH FUNDS

Table of British Funds with columns for High, Low, Stock, Price, and Yield. Includes sub-sections for 'Shorts' (Live up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for High, Low, Stock, Price, and Yield. Includes sub-sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

LONDON SHARE SERVICE

Main table of London Share Service with columns for High, Low, Stock, Price, and Yield. Includes sub-sections for 'BUILDING, TIMBER, ROADS - Cont.', 'DRAPERY & STORES - Cont.', 'ELECTRICALS', 'CHEMICALS, PLASTICS', 'DRAPERY AND STORES', 'FOOD, GROCERIES, ETC.', and 'HOTELS AND CATERERS'.

ENGINEERING - Continued

Table of Engineering Stocks with columns for High, Low, Stock, Price, and Yield.

INDUSTRIALS - Continued

Table of Industrial Stocks with columns for High, Low, Stock, Price, and Yield.

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Handwritten text at the top center of the page, possibly a signature or date.

INDUSTRIALS—Continued

Table of industrial stock prices including companies like Shell, BP, and various engineering firms.

LEISURE—Continued

Table of leisure-related stock prices including hotels, travel agencies, and entertainment companies.

PROPERTY—Continued

Table of property-related stock prices including real estate developers and construction firms.

INVESTMENT TRUSTS—Cont.

Table of investment trust stock prices across various sectors.

FINANCE, LAND—Cont.

Table of finance and land-related stock prices including banks and insurance companies.

MINES—Continued

Table of mining stock prices including gold, silver, and diamond producers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices.

Commercial Vehicles

Table of commercial vehicle stock prices.

SHIPPING

Table of shipping stock prices.

SHOES AND LEATHER

Table of shoes and leather stock prices.

OVERSEAS TRADERS

Table of overseas traders stock prices.

PLANTATIONS

Table of plantation stock prices.

INSURANCES

Table of insurance stock prices.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stock prices.

TEXTILES

Table of textile stock prices.

TOBACCO

Table of tobacco stock prices.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices.

PROPERTY

Table of property stock prices.

LEISURE

Table of leisure stock prices.

PROPERTY

Table of property stock prices.

FINANCE, LAND, ETC.

Table of finance, land, and other stock prices.

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Table of mining stock prices.

REGIONAL & IRISH STOCKS

Table of regional and Irish stock prices.

NOTES

Notes section providing additional information and disclaimers regarding the data.

LONDON STOCK EXCHANGE

Wall St pessimism hits markets late-FT-SE index drops 27 points

Account Dealing Dates
 *First Declared Last Account
 Dealings Times Dealings Day
 Sept 1 Sept 11 Sept 15 Sept 22
 Sept 23 Sept 25 Sept 26 Oct 2
 Sept 29 Oct 9 Oct 10 Oct 20
 **New-time* dealings may take place from 9.30 am to two business days earlier.

The cloud of economic and financial uncertainty hanging over Wall Street yesterday, London markets late yesterday. The effects were initially resisted but news that the Dow Jones index had fallen 100 points on Thursday's all-time peak had turned into a full-scale rout triggered a wave of pessimism. Leading equities and Government securities advanced lower, bringing sharp falls in the FT indices.

Heavy futures-related sell programmes and tumbling precious metal prices touched off a grim few hours in the FT early yesterday. The Dow Jones index plunged over 70 points with the market showing signs of distress before conditions later became a little calmer. London traders reacted nervously to the downside and in an effort to remain uncommitted until this morning, lowered prices and widened their dealing spreads.

Few blue chips managed to escape punishment and the FT 100 share index, less than two points off at midday, closed showing a sharp fall of 27 points at 1,838.5. The FT Ordinary share index depicted a similar sorry picture, dropping 19.7 to 1,295.2.

Earlier in the day, the equity market had behaved impressively. Leading shares gradually regained opening falls of a few pence and the tone seemed set to improve. On the other hand, Robert M. Douglas firm 4 to 134p, after 136p, in reply to the day's annual results and confident statement, while Baines Industries attracted revived speculative demand and gained 6 to 80p, after 81p.

ICI fluctuated narrowly prior to closing 3 off at 210p. After 212p, ICI Chemicals, Reebrok put on 5 to 80p, after 81p, on speculative buying.

Woolworth lower
 Woolworth remained unsettled by recent Press suggestions that Dixons is on the verge of selling its stake in the company for around 60p per share and a 15 per cent discount. Other store leaders typified the quiet dull trend. Dixons gave up 10 to 374p and Marks and Spencer fell 10 to 212p. The FT 100 share index ended 14 lower at 485p, after 514p. NatWest gave up 11 at 547p, after 563p and Lloyds declined 12 at 445p, after 460p. Elsewhere, the FT 100 share index fell 25 to 790p, after 785p, on account of profit-taking in the absence of the widely-remembered US bid for the company on Wednesday that American can, the US container manufacturer, holds a near-5 per cent stake in the merchant bank.

Equity and Law still reflecting takeover speculation, touched 285p before closing a further 7

dearer at 277p. Prudential, however, lost 10 more for a two-day decline of 40 at 867p on further consideration of the disappointing interim results.

News that shareholders had given their approval to the proposed new board structure at the extraordinary general meeting induced good buying of Guinness which advanced strongly to 348p before reacting after-hours in sympathy with the general dull trend to end the session a couple of pence easier on balance at 350p. Elsewhere in the FT 100 share index, Allied Lyons lost 10 to 355p as dealers awaited any fresh bid move by Elders IXL.

Leading Buildings suffered a mark-down after hours. Blue Circle, having been as high as 560p, settled 3 cheaper on

news that shareholders had relinquished an earlier gain of 4 to close unchanged at 488p. The chairman's optimistic statement at the annual meeting

attracted sustained speculative demand and gained 6 to 80p, after 81p.

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	Sept 11	Sept 10	Sept 9	Sept 8	Sept 5	Year ago	1986 High	1986 Low	Since Completion High	Since Completion Low
Government Secs	87.01	87.42	87.48	87.76	88.47	82.74	94.51	80.79	127.4	49.3
Fixed Interest	94.00	94.17	94.24	94.25	94.04	88.14	97.68	85.55	105.4	50.9
Ordinary 9	1,298.2	1,317.9	1,351.1	1,323.7	1,388.4	1,040.0	1,625.9	1,094.3	1,625.9	49.4
Gold Mines	297.4	297.3	302.4	315.4	308.4	229.9	350	127.7	794	63.5
Ord. Div. Yld	4.28	4.21	4.15	4.17	4.13	4.69				
Earnings Yld (%)	9.84	9.66	9.57	9.50	9.50	11.51				
P/E Ratio (est)	12.46	12.71	12.83	12.79	12.93	10.76				
Total Returns (%)	21.40	21.00	21.71	19.661	20.76	20.96				
Equity Turnover (%)	623.30	594.86	622.96	587.02	570.48					
Share Traded (m)	265.0	253.7	294.1	254.4	149.9					

Day's High 1316.0 Day's Low 1298.2
 Bank 100 Cont. Sec 1250.25 Bond Ind 1928 Ordinary 17725 Gold Mines 12725 SE Ashby 1974 *98-11.25
 LONDON REPORT AND LATEST SHARE INDEX: TEL: 61-246 9825

of a few pence were recorded in British Telecom, 84p, and BICC, 268p. Elsewhere, revived speculative activity left Stone International 5 better at 180p, but Legent, a good market of late on the late share-out, met with persistent profit-taking and gave up 12 to 211p. International Signal was also noteworthy for a fall of 10 to 235p. VIG Instruments at 500p, gave up a few pence after the previous day's good rise in response to the bumper interim figures. The recovery in annual profits prompted a late rise of 3 to 18p in Memory Computer.

Among the Engineering leaders, Vickers drifted back to close 7 cheaper at 421p, on the proposed acquisition of Healthdyne Hospital Products of the US. Elsewhere, ARV dipped 20 to 100p, on the announcement of the placing of Siebe's 8.74m shares at 500p. Siebe eased 15 to 200p. Delta, awaiting today's interim statement, fell 10 to 200p, while the chairman's warning on the profits outlook at the annual meeting prompted selling of Howden Group which closed 15 down at 85p.

disappointing set of interim figures prompted a sharp reaction in Rawntree Mackintosh which fell away to close a net 33 down at 385p. This was partly due to the announcement of a new share issue, but also to the chairman's warning on the profits outlook at the annual meeting prompted selling of Howden Group which closed 15 down at 85p.

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Thursday September 11 1986										
	Index	Day's Change	%	High	Low	Open	Close	High	Low	Open	Close
1 CAPITAL GOODS (212)	698.52	-1.1	0.78	347	14.89	12.49	786.34	713.29	718.99	825.18	825.18
2 Building Materials (26)	877.92	-1.0	0.82	3.95	14.69	14.81	825.91	822.03	824.12	845.81	845.81
3 Contracting, Construction (31)	1290.24	-0.2	7.92	3.79	18.19	20.68	1252.90	1259.03	1264.78	821.63	821.63
4 Electronics (12)	1884.25	-0.3	8.03	4.15	16.40	38.28	1871.23	1890.98	1912.82	1638.11	1638.11
5 Electricals (2)	1472.91	-1.1	10.32	4.51	12.10	24.48	1480.42	1521.31	1546.17	1246.17	1246.17
6 Mechanical Engineering (140)	389.29	-1.0	10.22	4.22	12.40	7.44	391.24	378.22	390.64	393.32	393.32
7 Metals and Metal Forming (7)	357.82	+0.7	9.11	3.91	13.96	5.18	353.16	358.42	364.76	287.61	287.61
8 Motors (16)	280.11	-1.2	6.23	3.96	12.78	5.37	286.94	271.98	280.71	273.36	273.36
9 Other Industrial Machinery (27)	328.88	-1.3	6.52	3.15	12.18	18.18	332.18	318.18	324.18	324.18	324.18
10 CONSUMER GROUP (282)	944.73	-1.3	7.25	3.16	16.52	14.89	946.86	938.98	933.98	651.99	651.99
11 Brewers and Distillers (22)	134.38	-1.1	9.22	3.62	13.24	14.81	132.95	131.74	134.10	722.33	722.33
12 Food Manufacturing (22)	712.44	-0.8	6.29	3.49	14.89	13.52	718.07	718.93	725.93	585.58	585.58
13 Food Retailing (13)	328.88	-1.2	6.52	3.15	12.18	18.18	332.18	318.18	324.18	324.18	324.18
14 Health and Household Products (20)	124.36	-0.9	5.47	2.99	21.62	12.84	125.93	127.93	127.93	128.45	128.45
15 Luggage (2)	92.91	-1.2	7.44	3.93	17.27	22.22	93.96	97.22	93.22	684.86	684.86
16 Publishing & Printing (14)	2074.52	+0.8	12.27	3.98	17.77	48.25	2054.49	2059.23	2059.23	2094.28	2094.28
17 Packaging and Paper (14)	617.18	-1.1	12.27	4.81	17.84	7.31	617.18	617.18	617.18	617.18	617.18
18 Shoes (2)	901.59	-1.6	6.40	2.82	21.29	11.27	915.96	916.52	912.22	688.97	688.97
19 Textiles (17)	546.46	-0.4	9.45	3.29	12.29	9.44	548.79	546.08	541.56	344.46	344.46
20 Tobacco (2)	1022.19	-1.4	12.29	4.25	9.50	22.46	1027.44	1012.97	1010.97	811.28	811.28
21 Textiles and Apparel (19)	718.18	-1.1	12.27	4.81	17.84	15.79	728.12	727.74	725.74	617.18	617.18
22 Chemicals (20)	917.45	-1.1	9.07	4.29	13.43	27.85	918.38	917.81	917.81	699.22	699.22
23 Office Equipment (4)	243.71	-0.7	7.43	4.34	18.46	4.45	245.43	248.74	247.74	199.11	199.11
24 Shipping and Transport (13)	1218.71	-1.1	11.01	4.72	12.41	28.45	1245.42	1245.42	1245.42	1245.42	1245.42
25 Telephone Network (2)	778.91	-1.1	11.01	4.72	12.41	16.47	787.26	788.26	796.26	599.16	599.16
26 Miscellaneous (20)	1088.74	-1.3	6.48	3.38	19.42	15.36	1100.16	1104.17	1105.69	826.64	826.64
27 INDUSTRIAL GROUPS (485)	899.58	-1.2	8.16	3.90	15.38	14.58	899.52	893.11	894.55	654.73	654.73
28 Oil & Gas (17)	1339.86	-1.7	12.28	4.66	18.09	54.43	1343.11	1379.70	1394.70	1161.21	1161.21
29 500 SHARE INDEX (300)	977.49	-1.2	8.63	3.96	14.65	12.49	975.65	977.99	991.11	691.28	691.28
30 FINANCIAL GROUP (117)	617.18	-1.1	12.27	4.81	17.84	15.79	617.18	617.18	617.18	617.18	617.18
31 Insurance (Life) (7)	892.61	-0.2	4.33	—	—	18.37	883.97	903.82	906.93	745.93	745.93
32 Insurance (Compensation) (7)	488.36	-0.3	4.46	—	—	9.48	489.65	495.46	491.79	353.96	353.96
33 Insurance (Marine) (7)	488.36	-0.3	4.46	—	—	9.48	489.65	495.46	491.79	353.96	353.96
34 Merchant Banks (12)	194.44	-1.6	4.46	—	—	5.28	193.21	193.21	193.21	193.21	193.21
35 Property (49)	769.80	-0.5	8.77	3.61	22.86	12.30	773.15	778.96	774.22	543.37	543.37
36 Other Financial (21)	354.28	-0.1	8.78	4.48	13.89	4.85	355.08	352.72	352.72	275.15	275.15
37 Investment Trusts (20)	892.61	-0.1	8.78	4.48	13.89	11.88	891.25	897.22	891.25	694.37	694.37
38 Mining (2)	286.16	-0.7	12.60	6.31	9.26	6.11	297.21	296.14	296.14	262.00	262.00
39 Overseas Traders (14)	681.61	+0.2	11.82	6.39	18.78	24.13	688.23	678.11	672.47	596.57	596.57
40 ALL-SHARE INDEX (734)	812.99	-1.1	—	—	—	16.51	822.01	825.00	822.98	635.78	635.78

FT-SE 100 SHARE INDEX 9 1650.3 -27.9 1642.4 1636.5 1643.5 1673.4 1644.4 1648.8 1680.3 1313.3

FIXED INTEREST

FIXED INTEREST	AVERAGE GROSS YIELDS										
	Term	Day's Change	%	High	Low	Open	Close	High	Low	Open	Close
1 British Government	121.25	-	121.27	0.12	7.92	0.12	121.25	121.25	121.25	121.25	121.25
2 5-15 years	137.25	-	141.18	3.77	9.30	—	137.25	137.25	137.25	137.25	137.25
3 Over 15 years	142.96	-	144.87	0.23	9.74	—	142.96	142.96	142.96	142.96	142.96
4 Irredeemable	160.22	-	160.73	—	8.90	—	160.22	160.22	160.22	160.22	160.22
5 All stocks	134.28	-	135.11	0.08	8.98	—	134.28	134.28	134.28	134.28	134.28
6 Index-Linked	132.95	-	133.39	—	2.00	—	132.95	132.95	132.95	132.95	132.95
7 Over 5 years	135.91	-	136.08	—	2.53	—	135.91	135.91	135.91	135.91	135.91
8 All stocks	135.49	-	135.59	—	2.43	—	135.49	135.49	135.49	135.49	13

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Germany, Norway, Australia, Japan, Canada, and others. Columns include country, stock name, price, and change.

Table of stock market data for Canada, including Toronto and Montreal markets. Columns include stock name, price, and change.

Table titled 'OVER-THE-COUNTER' showing Nasdaq national market closing prices for various stocks. Includes columns for stock name, price, and change.

Table of stock market indices for various regions including New York, South Africa, and others. Includes columns for index name, date, and value.

Continued from Page 44
banking and industrial. Insurers and retailers, however, posted isolated gains. Swiss Bank closed Sfr 4 higher at Sfr 560 while UBS finished with a Sfr 120 advance to Sfr 5,850.

Oslo jumped in heavy trading fuelled by the government's decision to cut oil output. Norsk Hydro added Nkr 5.50 to Nkr 189.50 on heavy volume. Milan turned mixed with losses in insurance and banking stocks.

Y1,050 and Toshiba, third most active with 93.03m share, Y10 to Y780. Almost all electric power and gas utilities gained ground, with Tokyo Electric Power climbing Y40 to Y6,710 and Tokyo Gas Y35 to Y255.

Table titled 'LONDON' showing chief price changes for various stocks. Includes columns for stock name, price, and change.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections for 'Continued from Page 42' and 'Over-the-Counter'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections for 'Over-the-Counter' and 'Nasdaq national market, closing prices'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections for 'Over-the-Counter' and 'Nasdaq national market, closing prices'.

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Higher rate threat fuels huge sell-off

SURGING yields in the bond market, together with a sharp decline in stock index futures, set the stage for a record-breaking sell-off in Wall Street stocks yesterday, writes Terry Byland in New York. The Dow Average fell 88 points in the largest daily loss in its history, on turnover also at a new record. With bond prices falling by 2 1/2 points, pushing long-dated yields above 7.70 pc, there were doubts over existing levels of stock prices.

The stock market was routed from the opening of trading, and attempts at a rally were brushed aside. The Dow Jones industrial average closed at its low point for the day, showing a net loss of 88.81 points to 1,792.89, the first closing figure below 1,800 since August 8. NYSE turnover at 238.3m shares broke the previous daily record of 236m.

Heavy falls were chalked up by the other market indices, the Standard & Poor's 500 losing 11.88 to 235.18, NYSE composite 6.37 to 135.25, and the American Stock Exchange Index 10.01 to 260.32.

By mid-morning, declining stocks outnumbered the gainers by then-to-one, in

heavy trading. Much of the selling pressure was technical, inspired by a plunge in stock index futures to discounts against the underlying stocks. Traders estimated total market exposure to stock futures programmes at around \$2bn.

Some traders may have stepped up selling programmes in anticipation of changes proposed by the SEC in trading rules for the next "witching hour" session on September 19 when major futures contracts expire.

The threat of higher interest rates brought widespread losses in utilities, bank and insurance issues. The Dow transportation average, often a major factor in confidence throughout the industrial sector, had declined by more than 20 points by noon.

Predictions that retail sales jumped by 1.3 pc in August threw the federal bond market into total disarray, according to some sources. Hopes of a discount rate cut have almost disappeared, and market analysts fear that a strengthening economy will push rates up sharply.

Once again, the selling trigger was pulled first in the bond futures markets, where the December contract tumbled the full permissible daily limit. Bond prices fell by 1 1/2 points. The list of stocks on the selling lists included almost all the best-known names in US industry. IBM fell 4 1/4 to \$139 3/4, General Motors 2 1/4 to \$69 1/4, Ford 2 1/4 to \$55, United Airlines 2 1/4 to \$66 1/4, Dow Chemical 3 1/4 to \$45 1/4, Du Pont 3 1/4 to \$81 1/4, and Minnesota Mining 5 1/4 to \$109 1/4.

In the financial sectors, Bankers Trust lost 2 1/4 to \$45 1/4, Citicorp 3 1/4 to \$63 1/4 and Citicorp

\$1 1/4 to \$32. BankAmerica, reported to be selling its profitable Italian subsidiary to raise cash, lost 7/4 to \$12 1/4. Across the board, stocks which are showing substantial paper gains, were the target for the sell programmes. Merck, at \$99 1/4 lost 4 1/4, while Pfizer, its fellow pharmaceutical group, dipped 2 1/4 to \$80 1/4. Among the airlines, which have been moving up on speculative demand, American tumbled by \$2 1/4 to \$52 1/4, and Delta by \$1 1/4 to \$41. Pan American dipped 3/4 to a new low of \$5. Almost the sole survivor in the airline sector was People Express, up 3/4 to \$39 on reports that the board is seeking a buyer or partner.

Damage to the Dow Transportation average came from huge falls in railroad issues. The railroads, which had corn and industrial products across the US continent to the ports, are traditionally seen as early indicators of economic trends.

Nervousness over the recent gains in the stock brought sellers out in force on the rail stock sector. CSX tumbled by \$1 1/4 to \$29 and Union Pacific by \$3 1/4 to \$66 1/4.

Despite expectations of high industry sales numbers, retail stocks took a beating as selling programmes cut their way across the full range of the market.

Sears, unsettled also by worries about interest rates which will bite into its finance industry interests, fell 2 1/4 to \$42, while J. C. Penney at \$73 1/4 lost \$2 1/4, and Federated Department Stores gave up \$2 1/4 to \$82 1/4.

In the credit market, short-term rates jumped sharply, three-month Treasury bills adding 7 basis points to 5.20 per cent. Losses in federal bonds ranged to nearly 2 full points in the face of rumours that the US retail sales statistics, due for release today had been "leaked" into the market.

CANADA

MOST SECTORS retreated sharply in Toronto, in line with the movement on Wall Street.

Blue chips, which are also listed in New York, led the decline. Bell Canada traded 3 1/2 down at C\$39 1/2, Canadian Pacific fell 3 1/2 to C\$15 1/2, Seagram slid 3 1/2 to C\$81 1/2 and Northern Telecom dipped 3 1/2 to C\$40 1/2. Dome Petroleum fell 8 cents to C\$1.16. Montreal followed Toronto lower.

HONG KONG

Overseas buyers trek to new peak

INSTITUTIONS from overseas made heavy buying forays into Hong Kong, pushing the Hang Seng index to a record in hectic trading.

Wednesday's announcement from Hongkong Land that interim profits had almost doubled from the year-ago level also boosted market sentiment.

The Hang Seng index, which touched a high of 2,004.28 at one stage in the session, ended with a healthy gain of 21.76 to 1,997.92 from its previous record, set on Wednesday.

Buying was aimed at utilities, which have lagged behind the market, and property issues which are benefiting from a boom in the real estate market.

Hongkong Land gained 10 cents to HK\$6.75, Cheung Kong 20 cents to HK\$25.40, New World a similar amount to HK\$7.40 and Hongkong Wharf was steady at HK\$9.00.

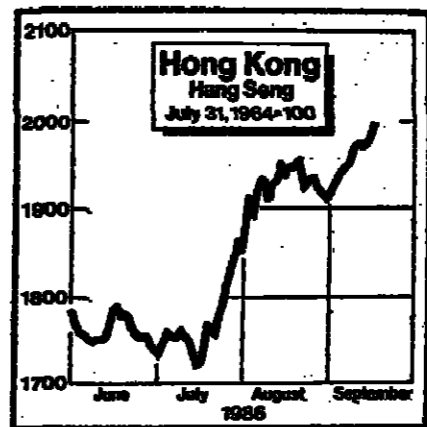
Among utilities, China Light added 30 cents to HK\$17.10, Hongkong China Gas 20 cents to HK\$16.70 and Hongkong Electric 15 cents to HK\$9.85.

SINGAPORE

IN SPITE OF nervousness in Singapore over Promet's financial health, blue chips were sought and prices rose over a broad front.

Promet was suspended on Wednesday at around 4.15 cents and numerous rumours circulated the market about the likely outcome of talks with its creditor banks. The market is generally confident, however, that the Malaysian Government will step in as a last resort to prevent the company from going into receivership.

Among blue chips, Keppel Corporation gained 5 cents to S\$2.15, Malaysian Banking 18 cents to S\$4.38 and OCBC 15 cents to S\$8.15. Singapore Airlines rose 10 cents to S\$7.85 and Straits Trading 16 cents to S\$3.48.



EUROPE

Bundesbank stance casts a shadow

DISAPPOINTMENT that the West German Bundesbank would not cut its key rates combined with active profit-taking to push many European bourses lower yesterday although most centres displayed isolated strength.

Frankfurt was hit by a bout of late selling that was not reflected in the mid-session calculation of the Commerzbank index - up 19.3 to 2,089.9.

Foreign and domestic investors alike were dissuaded by the suspicion - confirmed after the close of trading - that the Bundesbank would not alter its credit policies although brokers said that the central bank's stance did not come as a complete surprise.

Bank and car makers suffered the most in the late afternoon selloff while machinery makers and retailers fared reasonably well.

Deutsche Bank retreated DM 10 to DM 608 and Dresdner Bank closed DM 2.80 lower at DM 433.

Daimler continued to lead the way in the car sector with its DM 15 fall to DM 1,292 as Porsche gave up DM 12 to DM 1,168.

MAN was the leading light among the machinery-makers with a DM-9 rise to DM 242 and Linde scored a DM 8 advance to DM 768.

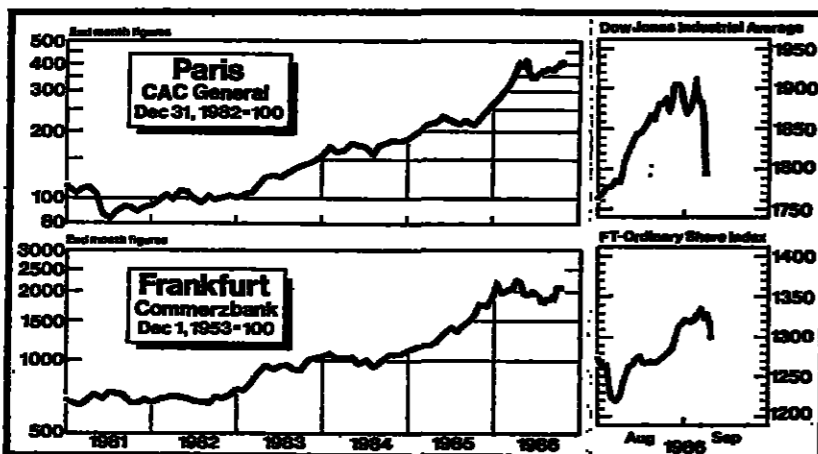
Among leading retailers, Karstadt posted the first gain in seven sessions as it closed DM 7 higher to DM 435 and rival store group Kaufhof finished DM 4.50 stronger at DM 501.

The bond market plunged by almost 1 1/2 points on the uncertainty over the Bundesbank stance on rates. The market suffered a further bout of nerves on reports that Mr Karl Otto Pohl, Bundesbank President, would not attend the next policy council meeting of the bank on September 25 suggesting that key rates would not be altered then.

Zurich gained ground from strong foreign institutional buying that centred on

Continued on Page 41

KEY MARKET MONITORS



STOCK MARKET INDICES			
	Sept 11	Previous	Year ago
NEW YORK			
DJ Industrials	1,792.89	1,878.50	1,319.44
DJ Transport	748.50*	782.63	693.38
DJ Utilities	201.09*	211.35	155.11
S&P Composite	235.06*	247.06	186.03
LONDON			
FT Ord	1,298.2	1,317.9	1,014.0
FT-SE 100	1,636.5	1,683.5	1,302.20
FT-A All-share	812.59	822.98	635.78
FT-A 500	891.49	904.11	699.20
FT Gold mines	297.4	297.3	323.9
FT-A Long gilt	9.90	9.79	10.44

CURRENCIES			
	Sept 11	Previous	Sept 11 Previous
US DOLLAR			
(London)			
\$	1.4690	1.4815	
DM	2.0910	2.0835	3.0725 3.0875
Yen	156.30	154.75	229.50 229.25
FFr	6.8325	6.7450	10.0375 9.9325
SFr	1.6990	1.6740	2.4960 2.4800
Quilder	2.3500	2.3255	3.4650 3.4450
Lira	1.442	1.421	2,118.5 2,105.25
BPs	43.25	42.70	63.55 63.25
CS	1.3880	1.3865	2.0445 2.0512

INTEREST RATES			
	Sept 10	Prev	
US BONDS			
3-month offered rate			
E	10 1/2%	10%	
SFr	4%	4%	
DM	4%	4%	
FFr	7%	7%	
FF London interbank fixing (offered rate)			
3-month US\$	6	5 1/2%	
6-month US\$	6	5 1/2%	
US Fed Funds	5 1/2%	5 1/2%	
US 3-month CDs	5.65*	5.825	
US 3-month T-bills	5.195*	5.30	

US BONDS			
	September 11	Prev	Yield
Treasury			
6% 1988	99 1/2%	6.38	99 1/2% 6.29%
7% 1983	98 1/2%	7.358	100 1/2% 7.15%
7% 1986	98	7.52	100 1/2% 7.31%
7% 2016	94 1/2%	7.687	96 1/2% 7.51%

US BONDS			
	Sept 11	Prev	Year ago
TOKYO			
Nikkei	18,580.87	18,618.33	12,625.2
Tokyo SE	1,534.69	1,535.30	1,013.57
AUSTRALIA			
All Ord.	1,235.5	1,232.4	955.1
Metals & Mins.	610.0	601.1	526.1
AUSTRIA			
Credit Aktien	239.69	239.63	197.22
BELGIUM			
Belgian SE	4,023.48	4,026.00	2,423.69
CANADA			
Toronto	2,137.70	2,209.20	1,986.00
Metals & Mins	3,020.90	3,096.10	2,753.90
Montreal	1,515.83	1,558.77	134.37
Portfolio			
DENMARK			
SE	n/a	198.82	1,14.89
FRANCE			
CAC Gen	399.80	402.30	220.5
Ind. Tendence	152.40	154.50	90.45
WEST GERMANY			
FAZ-Aktien	682.54	685.98	518.59
Commerzbank	2,089.90	2,090.90	1,513.7
HONG KONG			
Hang Seng	1,997.92	1,978.16	1,571.95
ITALY			
Banca Com. I	770.45	770.81	388.25
NETHERLANDS			
ANP-CBS Gen	295.5	296.9	221.2
ANP-CBS Ind	297.1	298.4	193.5
NORWAY			
Oslø SE	385.49	380.39	362.40
SINGAPORE			
Straits Times	840.43	828.76	751.48
SOUTH AFRICA			
JSE Golds	-	1,788.0	1,037.9
JSE Industrials	-	1,384.0	942.2
SPAIN			
Madrid SE	200.97	203.69	81.05
SWEDEN			
J & P	2,518.44	2,473.79	1,384.67
SWITZERLAND			
Swiss Bank Ind	574.80	572.00	499.3
WORLD			
MS Capital Int'l	355.9	354.20	213.4

TREASURY INDEX			
Maturity (years)	Return	Day's change	Yield
1-30	155.02	-0.55	7.15 +0.09
1-10	148.32	-0.25	6.83 +0.10
1-3	139.82	-0.13	6.37 +0.08
2-5	150.67	-0.42	7.08 +0.11
15-30	173.16	-1.32	8.22 +0.08

FINANCIAL FUTURES			
	Latest	High	Low
CHICAGO			
US Treasury Bonds (CBT)			
8% 32nds of 100%	95-15	96-27	95-02 97-21
US Treasury Bills (TBM)			
\$1m points of 100%	94.73	94.78	94.71 94.81
Certificates of Deposit (CDM)			
\$1m points of 100%	94.39	n/a	94.39 94.43
LONDON			
Three-month Eurodollar			
\$1m points of 100%	93.97	94.03	93.97 94.08
90-day National Giro			
£50,000 32nds of 100%	115-07	117-00	117-00 117-19

COMMODITIES			
	Sept 10	Prev	
(London)			
Silver (spot fixing)	381.35p	391.05p	
Copper (cash)	£914.50	£911.50	
Coffee (Sept)	£2,387.50	£2,357.50	
Oil (Brent blend)	\$14.375	\$14.70	
GOLD (per ounce)			
London	\$403.00	\$418.375	
Zürich	\$402.00	\$416.50	
Paris (filing)	\$404.29	\$410.73	
Luxembourg	\$407.50	\$410.00	
New York (Dec)	\$413.00	\$408.80	

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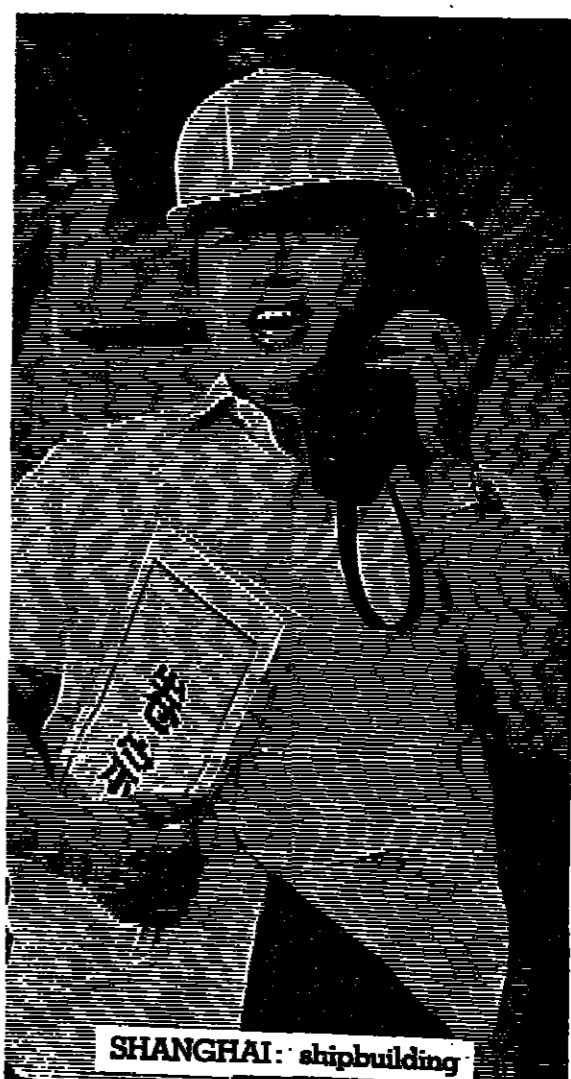
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